

GERMAN REPARATIONS - 1929



The Pro and Con Monthly

AUGUST-SEPTEMBER, 1929

How the Dawes Plan Has Worked
Provisions of the Proposed Young Plan
Problems before the Hague Conference

Articles by

Hon. S. Parker Gilber, Agent General for Reparations
Hon. Arthur Henderson, British Secretary for Foreign Affairs
Hon. Aristide Briand, French Premier
Hon. Louis T. McFadden, U. S. Representative Pennsylvania
Lewis Webster Jones

Pro and Con

Should an International Bank be Established?

Regular Departments

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Contents for This Month

Legislative Department:

Chronology of The Young Plan, 1927-1929.....	194
Background of the Reparations Controversy.....	196
What The Dawes Plan Has Accomplished, by S. Parker Gilbert.....	199
Developments in Germany Between September 1, 1928 and May 31, 1929.....	201
The Young Plan for Reparations Settlement, by U. S. Federal Reserve Board.....	203
American Attitude Toward Reparations, by Lewis Webster Jones.....	208
Results of the Hague Conference.....	210
What Germany Thinks.....	211
England Pleased with Results of Conference.....	213
Briand Speaks for France.....	214
Should an International Bank be Established? Committee of Experts on Young Plan (Pro) Vs. Hon. Lewis T. McFadden (Con).....	215
The U. S. and The International Bank, by Hon. Henry M. Stimson.....	216
Glossary of Reparations Terms.....	217

This Month:

Action Taken by Congress.....	218
-------------------------------	-----

Executive Department:

The White House Calendar, May 22 to August 20, 1929.....	222
--	-----

Judicial Department:



The Month in The Supreme Court.....	223
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Back numbers of The Congressional Digest are indexed in the Readers' Guide

The
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Vol. 8 - Nos. 8 - 9


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 **LEGISLATIVE DEPARTMENT** 

THE PRO AND CON FEATURE    ACTION BY HOUSE AND SENATE    LEGISLATIVE NEWS ITEMS

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German Reparations—1929

Foreword

 **I**N 1927 Seymour Parker Gilbert, Agent General for Reparations, in charge of the operations of the Dawes Plan opened unofficial negotiations with the leading statesmen and financiers of Europe with a view of drawing up a new plan of reparations payments to take the place of the Dawes Plan.

Pursuant to these negotiations the Reparations Commission instructed the Committee of Experts to work out a plan to be substituted for the Dawes Plan. The Committee of Experts met at Paris on February 11, 1929, and, after nearly four months of deliberation, submitted its report to the Reparations Commission on June 7, 1929.

Because Owen D. Young had been chosen by the inter-

ested governments to act as chairman of the Experts' Committee, the plan adopted by the Committee immediately became known as the Young Plan.

On August 6, representatives of England, France, Germany, Belgium, Italy and Japan met at The Hague to consider final action on the Young Plan.

On August 31, after a period of tense negotiations, marked at times by bitterness, the Conference reached an agreement on the distribution among the creditor nations of the reparations payments and fixed the date of the evacuation of the Rhineland as June 1, 1930.

Several matters were left unsettled to be taken up at a second meeting, probably early in October. Subcommittees were left at work on details during the interim.

Chronology of the Young Plan, 1927-1929

Editor's Note—A complete chronology of the events leading up to the establishment of the Dawes Plan will be found in THE CONGRESSIONAL DIGEST for November, 1924

1927

December 10—S. Parker Gilbert, Agent General for Reparations in his annual report, made the following statement:

"As time goes on, and practical experience accumulates, it becomes always clearer that neither the reparation problem, nor the other problems depending upon it, *will* be finally solved until Germany has been given a definite task to perform on her own responsibility, without foreign supervision and without transfer protection. This, I believe, is the principal lesson to be drawn from the past three years, and it should be constantly in the minds of all concerned as the execution of the Plan continues to unfold."

Following the publication of his report, Mr. Gilbert had a number of private and unofficial conferences with the statesmen of Germany and her European creditors. The result of these private conferences was later reflected in the series of official statements and acts of officials of Germany, Great Britain, France, Belgium, Italy and Japan, which finally wound up, with an agreement to meet and revise the conditions of reparation payments prevailing under the Dawes Plan.

1928

June 7—Agent General S. Parker Gilbert submitted an interim report calling attention to the need of fixing a new German total debt.

July 12—Foreign Minister Briand of France conferred with the German Ambassador in Paris, concerning the evolution of the Dawes plan, in anticipation of the visit of Agent General S. Parker Gilbert and Benjamin Strong, governor of the New York Federal Reserve Bank, a week later.

September 11—The German bankers, in annual convention at Cologne, in discussing reparations were unanimously of the opinion that further foreign capital was indispensable to prevent the Dawes annuity from becoming a burden on private business for the benefit of the federal government of Germany. The Minister of Economic Affairs, at this meeting, stated that Germany "will not recognize, in the Geneva discussions, the least relevancy between evacuation of the Rhineland and a definite reparation settlement."

September 13—Representatives of Great Britain, France, Germany, Belgium, Italy and Japan, met at Geneva to discuss Rhineland evacuation.

September 15—German cabinet drafted a reply to the powers concerned with the occupation of the Rhineland.

It reiterated its previous demand for immediate evacuation of all zones and the establishment of a special committee of experts to study the reparations problem and determine the fixation of German liability, such committee to operate independently of the Rhineland issue.

October 21—At an informal meeting of Agent General Gilbert, Winston Churchill, British Chancellor of the Exchequer, and Premier Poincare of France, in Paris, November was agreed upon as the time for permanent organization of a new committee of experts to consider the revision of reparations. It was agreed that America would be invited to send "unofficial" representatives.

November 12—Premier Poincare of France formed a new cabinet to take an active part in the reparations negotiations, and the solution of financial questions and negotiations with Germany and the Allied Countries in the settlement of the reparations and inter-allied debts.

December 22—The Foreign office in Paris issued a memorandum outlining the method agreed upon by Germany and the Allied Powers for seeking final settlement of the reparations problem. Dispositions were taken by the six interested governments with a view to determining the manner best calculated to assure the participation of American experts. The agreement provided for two delegates from each country and Paris was selected as the place for the first meeting.

December 24—The question as to which nation should make the request to the U. S. Government to permit unofficial American representatives to serve on the Committee of Experts was solved by the selection of Sir Esme Howard, British Ambassador to the U. S. and dean of the Diplomatic Corps in Washington to act as spokesman for the six interested nations.

Sir Esme Howard, accompanied by Frank B. Kellogg, U. S. Secretary of State, called on President Coolidge to make the request for American participation, which was promptly agreed to by President Coolidge.

1929

January 19—The European experts, including four members of the old Dawes committee, were appointed by the Reparations Commission to form a new body to study final liquidation of the Reparations problem.

January 19—Reparations commission named as United States experts, Owen D. Young and J. P. Morgan, with Thomas N. Perkins, and T. W. Lamont as alternates.

February 9—The first meeting at Bank of France of Expert Committee; mainly of social character.

February 11—The conference formally assembled and elected Owen D. Young, American, president.

February 12—Dr. Schacht, German delegate, informed the Committee that Germany could no longer continue to pay under the Dawes plan figures.

March 7—Owen D. Young, as president of the experts' committee, proposed to his colleagues the creation of a great international banking institute, or clearing house, with headquarters at The Hague and with all the great national banks as members.

April 13—The allies handed the German delegates their first figures calling for a present value of approximately \$10,000,000,000 to be paid in annuities over a period of 58 years.

April 16—Real bargaining began at this period when Dr. Schacht, chief of the German reparations delegation rejected the allied reparations figures as being beyond Germany's capacity to pay.

April 17—The German reparation delegation submitted a counter plan of payment. This suggestion-offer was about one billion marks per year less and would continue 37 years instead of 58 years, as proposed by the Allies in their memorandum.

April 23—The experts, unable to reach an agreement, began work on their final report to their respective governments.

May 4—Mr. Young presented a new plan calling for 37 annuities from Germany and then 21 annuities to be paid with the profits of the proposed international bank.

May 5—The German reparations delegation accepted the Young proposal of settlement of the reparations problem, but with certain conditions.

May 9—Winston Churchill, chancellor of the exchequer, told the House of Commons that the kind of proposals foreshadowed on German reparations would be unacceptable to the Baldwin cabinet.

May 15—The Young Committee gave full approval to plans for the establishment of a new and powerful international banking institute. The proposed "bank for international settlements" would manage and dominate all Germany's future reparations payments. The Federal Reserve Board head in New York was mentioned to represent the United States.

May 16—Secretary of State Stimson announced that the United States would adhere to its traditional policy of aloofness in the matter of German reparations. He served notice that officials of the Federal Reserve Board would not be permitted to participate in the proposed international bank.

May 22—The allies agreed upon accepting some of Dr. Schacht's conditions, rejected several others and made several reservations of their own.

May 23—Dr. Voegler, German expert, resigned, contending that the terms of the projected settlement were unbearable for Germany. He was succeeded by Dr. Ludwig Kastl.

May 27—Mr. Young advanced modifications to his plan designed to get around the conditions imposed by the Germans and the reservations made by the Allies.

May 29—The German and Allied experts came to agreement on revised annuities as proposed by Mr. Young, calling for 37 annuities at about \$492,000,000; 21 annuities at \$408,000,000 and 1 annuity at \$216,000,000.

May 30—General elections were held in England which resulted in a plurality for the Labor Party, whose leader, Ramsay MacDonald, became Prime Minister and formed a new cabinet. In the new cabinet Philip Snowden suc-

ceeded Winston Churchill as Chancellor of the Exchequer.

June 4—Belgium accepted the German proposal for solution of the problem.

June 9—President Young presented a plan for permanent settlement of the reparation question.

June 18—President Hoover announced in response to inquiry, that the United States would not be a signatory to the Young reparations agreement, and that therefore, there would be no necessity for submitting the agreement to Congress, but congressional approval will be required to make the revised German payments to America effective.

June 18—The French cabinet unanimously approved the Young Reparation Plan.

July 9—Philip Snowden, Chancellor of the Exchequer, in reply to a question in the House of Commons gave the first public intimation of Great Britain's Labor government toward the Young plan. He said: "The House will realize that this country is in no way committed to acceptance of the recommendations of the Young Committee. They are to be the subject of discussion at the forthcoming international conference."

July 21—The French Chamber of Deputies ratified the Mellon-Berenger Agreement which deals with French payments to the United States.

July 27—It was agreed that the next conference of governments for formal acceptance of the Young reparation plan would be held at The Hague on August 6.

August 1—Italy accepted the Young Plan for Reparations.

August 6—Philip Snowden, British Chancellor of the Exchequer, immediately at the opening of the Hague parley announced that Great Britain would not accept the Young Plan unless Great Britain's percentage of the payments was increased.

August 11—Prime Minister MacDonald announced his support of the position taken by Mr. Snowden. He said: "I want to make it perfectly clear that the claims he (Snowden) is making that Great Britain has now reached the limit of bearing unfair burdens had all of our support."

August 16—France, Italy, Japan and Belgium made a counter offer to England. Mr. Snowden replied it was insufficient to meet his demands, but that he was willing to listen to other offers.

August 17—The four delegations asked Mr. Snowden to agree to the appointment of a committee of experts to consider the adaptation of the Young plan toward meeting the British demands. Mr. Snowden accepted their proposal.

August 29—Shortly after midnight the delegates to the Hague Parley finally agreed on the British share in the reparations payment. The agreement was considered a victory for Philip Snowden.

Various counter proposals had been presented to the British delegation by the French, Belgian and Italian delegations prior to this, but all had been rejected by the British.

The final agreement was a compromise, it being estimated that Mr. Snowden accepted between 75 and 80 per cent. of his original demand.

August 29—At an afternoon session agreement was reached in principle on the date for the evacuation of the Rhineland territory by Allied troops.

Background of the Reparations Controversy

Developments Between the Signing of the Treaty of Versailles in 1919 and the Hague Conference of 1929



NDER the provisions of the Treaty of Versailles, Germany and her allies accepted "responsibility for causing all the loss and damage to which the Allied and Associated Governments and their nationals have been subjected as a consequence of the war imposed upon them by the aggression of Germany and her allies." Article 232 of the Treaty required Germany to "make compensation for all damage done to the civilian population of the Allied and Associated Powers and to their property during the period of the belligerency of each as an Allied or Associated Power against Germany by such aggression by land, by sea and from the air, and in general all damage as defined in Annex I hereto." According to the terms of Annex I, in addition to the payments for reconstruction of the devastated regions and for a long list of other damages, Germany was required to pay pension and separation allowances and the Belgium war debt.

Establishment of the Reparations Commission

The Treaty of Versailles did not attempt to fix the total bill against Germany for reparation. It established a Reparation Commission, composed of only Allied and Associated representatives, which was instructed to fix the total obligations of Germany by May 1, 1921. The Treaty merely stipulated that Germany should advance to the Allies 20 billion gold marks on account, which would ultimately be deducted from the total amount fixed. Before the date for the fixing of the amount of Germany's bill by the Reparation Commission, however, a dispute arose between Germany and the Allies over the advance of 20 billion gold marks with the result that the Reparation Commission declared Germany in default. The Allies then proceeded on March 8, 1921, to occupy the towns of Dusseldorf, Duisburg, and Ruhrort. They also established a customs wall around the Rhineland and levied taxes on imports from Germany into Allied countries.

On April 27, 1921 (four days before the expiration of the time limit) the Reparations Commission established Germany's total liability on account of reparation at 132 billion gold marks (\$31,000,000,000), exclusive of the Belgium war debt of four billion gold marks.

The London Agreement

The Allies did not ask that the total sum fixed by the Reparation Commission be paid at once. The Supreme Council of the Allies, meeting in London, drew up on May 5, 1921, a schedule of payments which they communicated to Germany together with an ultimatum declaring that if Germany did not unconditionally accept the entire plan within six days the Allies would proceed to the occupation of the Ruhr in addition to other military measures. The London Schedule of Payments provided:

1. That Germany should issue three series of bonds; Class A bonds to the amount of 12 billion gold marks, Class B bonds to the amount of 38 billion gold marks, Class C bonds to the amount of 82 billion gold marks—a total of 132 billion gold marks. The "A" and "B" bonds were to be issued at any time the Reparation

Commission thought expedient, but the "C" bonds were not to be issued until the Commission was satisfied that German payments under the schedule were sufficient to provide for the payment of the interest and sinking fund of the "C" bonds. Interest on all the bonds was fixed at the rate of 6 per cent and the sinking fund at one per cent per annum.

2. That Germany should pay annually until all the bonds were redeemed two billion gold marks and 26 per cent of the values of German exports.

It should be observed that under the London Schedule of Payments Germany was required to pay only what amounted to interest and amortization on 50 billion gold marks, or about three billion gold marks a year. This is only slightly more than the standard payments under the Dawes Annuities.

Germany Accepts the London Agreement

On May 11, 1921, under the pressure of the Allied ultimatum, Germany accepted the obligations fixed upon her by the Reparation Commission and the Schedule of Payments imposed by the London agreement. In an attempt to meet the payments provided in the London Schedule, Germany established a Treaty Obligations' Budget. In spite of her efforts, however, the revenues of the German Government were too small to meet the payments required and the government started to print paper money in order to meet its budget deficit. In consequence, wild inflation followed and the mark fell in value upon the exchange markets. While this financial demoralization was taking place, the Reparation Commission in December, 1922, upon the initiative of the French, declared Germany in default in the delivery of timber and the French and Belgium Governments sent a "mission of control" into the Ruhr on January 11, 1923. The finances of Germany went from bad to worse and the mark came to be practically valueless by the end of 1923.

The Experts' Plan

Out of this situation, involving the complete demoralization of Germany's economic life, and to a very large extent that of all Europe, came the practical expedient of a Committee of Experts to investigate the German budget and German currency. The proposal of an experts' committee to study Germany's capacity to pay was first put forward by Secretary Hughes in a speech in December, 1922. It was not, however, until November of 1923 that the Allies could reconcile their conflicting interests and motives to the extent of acting upon the proposal. The Reparation Commission then established two committees as follows:

1. The Committee of Experts, appointed for the investigation of the German budget and German currency, met in Paris on January 14, 1924. Its membership was: Charles G. Dawes, Chairman, Owen D. Young, United States; Robert M. Kindersley, J. C. Stamp, England; J.

Parmentier, Edgar Allix, France; Alberto Pirelli, Federico Flora, Italy; E. Francqui, and Maurice Houtard, Belgium.

2. The second committee called to investigate the flight of German capital to foreign countries, met in Paris on January 21. Its members were: Reginald McKenna, Chairman, England; Henry M. Robinson, United States; Andre Laurent-Atthalin, France; Mario Alberti, Italy; and Albert E. Jannssen, Belgium.

On April 9, 1924, the two committees simultaneously submitted their reports to the Reparation Commission. The report of the first committee was adopted as the basis for the settlement of the reparation impasse at the London Conference on August 16, 1924. The essential features of the Experts' Plan, the foundation upon which the whole structure of European economics and finance has been built since September, 1924, is as follows:

Annual German payments were fixed according to the following schedule; (in millions of gold marks):

	1st Year	2nd Year	3rd Year	4th Year	5th Year
From Railways	200	595	550	660	660
From reparation loan	800				
From transport tax		250	290	290	290
From industries		125	250	300	300
From sale of preference shares of the Railroad Company		250			
From ordinary budget resources			110	500	1,250
Supplementary budget con- tribution			300		
Totals	1,000	1,220	1,500	1,750	2,500

Distribution of Payments

The principle of the distribution of payments from Germany among the Allies was that adopted at Spa, in July, 1920. At that conference the following distribution of payments was agreed upon and is in force at the present time: France, 52 per cent; England, 22 per cent; Italy, 10 per cent; Belgium, 8 per cent.

It will be observed that the annual payments in the standard years under the Experts' Plan are not greatly more than those provided in the London Schedule of Payments of May 5, 1921. There are, however, several very important differences. The Experts' plan offered definite assistance to Germany. By beginning the payments at a relatively low figure and increasing them year by year to the standard Annuities of the fifth year, they made it possible for Germany to meet her payments gradually. It also provided a loan of 800 million gold marks for the purpose of safeguarding the German budget and currency, and established an independent bank which exercised the exclusive right to issue paper money and thus made inflation for political purposes impossible.

Aids to Germany

In addition to helping Germany by means of a loan, the Experts' plan further assisted her by taking a portion of the burden from the budget and placing it upon German industries. It provided that the first year's payments of one billion gold marks should be derived from the proceeds of the foreign loan and from interest on German

Railway Bonds pledged for this purpose. The second year's payments were derived from a transport tax, interest on industrial debentures, and interest on German Railway Bonds—deducting only 250 million gold marks from the government budget. In the third year the government budget contributed 110 million gold marks, or about 7 per cent of the total payments for that year. Finally, in the standard years, the budget is required to contribute regularly 1,250 million gold marks, or 50 per cent of the total Annuity; the other half is to be contributed by German railways and certain other industries.

German Bond Issue Provided For

The Plan provided that the German Government should issue 5 per cent bonds to the value of 11 billion gold marks, payable in thirty-seven years, and secured by railway earnings; and bonds to the value of five billion gold marks secured by certain industries. In addition, a transport tax was imposed for reparation purposes. Thus the German railways and industries must assume responsibility for meeting the interest and eventually paying off the principal on bonds aggregating by billion gold marks.

International Control of German Revenues

In order to safeguard the interest of Germany's creditors, the Experts' Plan sets up financial guarantees based upon a system of pledged revenues and international control. In contrast to the military guarantees imposed by the Treaty of Versailles, the Plan provided that Germany should be required to lay aside for reparation payments certain other revenues which could not be used for any other purposes. Germany therefore set aside the revenues derived from alcohol, tobacco, beer, sugar and customs. These revenues are under the supervision of a Commissioner of Controlled Revenue who sees to it that the funds are properly administered and that they are actually turned over to the reparation account.

Arbitration of Disputes

The railways, the Bank of Issue and German Railway Bonds are also placed under the control of foreign commissioners under the general supervision of the Agent General for Reparation Payments. In order to prevent the invasion of German territory by an Allied country, provision is made for the settlement of all disputes between the Reparation Commission and Germany by arbitration. Thus France or any other power cannot decide for itself whether or not Germany has failed to live up to its obligations. If a default occurs, the agreement provides that the Allies, "acting with the consciousness of joint trusteeship for the financial interests of themselves and of the persons who advance money upon the lines of the said Plan, will confer at once on the nature of the sanctions to be applied and on the method of their rapid and effective application."

The Transfer Committee

Perhaps the most interesting feature of the Experts' Plan was the institution of a Transfer Committee which was charged with the task of converting German marks into the currency of the creditor countries. The Plan provides that:

"All payments for the account of Reparations (whether from interest and sinking fund on railways or industrial debentures, the transport tax, or from the budget contribu-

tion) will be paid in gold marks or their equivalent in German currency into the Bank of Issue to the credit of the 'Agent for Reparation Payments.' This payment is the definitive act of the German Government in meeting its financial obligations under the plan."

Protecting Germany's Currency Stability

In other words, the responsibility for the transfer of the funds from German into foreign currency is shifted from the German Government to the hands of the Transfer Committee. Its powers include the suspension, curtailment, expansion, or regulation of remittances in accordance with the capacity of the exchange market to absorb them without threatening the stability of the German currency. If it is thought essential in the interests of the stability of the German currency to suspend transfers, the Committee may invest reparation funds "in bonds or other loans in Germany" to a maximum of five billion gold marks. When that limit has been reached, the "payments by Germany out of the Budget and Transport Tax

would be reduced until such time as the transfers to the Allies can be increased and the accumulation be reduced below the limit named."

Germany Meets Her Obligations

Germany has met promptly and efficiently all of her payments in accordance with the stipulation of the Experts' Plan. The stability of her currency has remained unimpaired, and within the last few years she has undergone a period of great internal industrial and business expansion.

Nevertheless, in order to make an economic settlement of her reparation obligations, Germany will be required to have a surplus of exports of goods and services in her balance of international payments sufficiently valuable to meet the amount of her payments on account of reparation. This is the real transfer problem with which Germany is confronted and it is also, perhaps, the real test of her capacity to pay.—See 1, p. 224.

Why Americans Have Been Chosen To Serve on Reparations Committees

Owing to disagreements among European Powers as to the amount of reparations Germany should pay and the manner and method of making payment, unofficial suggestions were made in Europe in 1921 that the United States should assist in solving the problem.

In a speech made at New Haven, Conn., on December 29, 1922, Charles Evans Hughes, Secretary of State, paved the way for American participation. In that speech Secretary Hughes said:

"If statesmen cannot agree, and exigencies of public opinion make their course difficult, then there should be called to their aid those who can point the way to a solution.

"Why should they not invite men of the highest authority in finance in their respective countries—men of such prestige, experience and honor that their agreement upon the amount to be paid, and upon a financial plan for working out the payments, would be accepted throughout the world as the most authoritative expression obtainable? Governments need not bind themselves in advance to accept the recommendations, but they can at least make possible such an inquiry with their approval and free the men who may represent their country in such a commission from any responsibility to Foreign Offices and from any duty to obey political instructions."

On October 12, 1923, Lord Curzon, Foreign Secretary of Great Britain after reading press dispatches reporting a statement by President Coolidge that the United States stood on Secretary Hughes' original statement,

sent a communication to the Department of State, in which he stated:

"His Majesty's Government were already engaged in formulating an inquiry to the United States Government as to the manner in which, in the opinion of the latter, the united action, which is the common desideratum, could best be brought about when they read in the press yesterday morning a declaration, reported to have been made by President Coolidge, that the American Government rest on their proposal of December last. His Majesty's Government warmly welcomes this declaration, and hope that they are justified in deducing from it, that if the European powers will join in such an inquiry, America will render the promised co-operation."

On October 15, 1923, Secretary Hughes sent a reply to Lord Curzon which resulted in the decision on the part of the Allied Governments to appoint Americans on the Experts' Committee. In this reply Secretary Hughes said:

"In further reply to the communication of His Majesty's Government it may be said that the Government of the United States is not in a position to appoint a member of the Reparations Commission, inasmuch as such an appointment cannot be made without the consent of the Congress. The Secretary of State has no doubt, however, that competent American citizens would be willing to participate in an economic inquiry, for the purposes stated, through an advisory body appointed by the Reparation Commission to make recommendations, in case that course after further consideration should be deemed preferable."

What the Dawes Plan Has Accomplished

Record of Germany's Reparation Payments Since 1924

by S. Parker Gilbert

Agent General for Reparation Payments



HAVE the honor to present herewith a report, as Agent General for Reparation Payments, covering the execution of the Experts' Plan, through the fourth Annuity year. This report reviews the course of reparation payments and transfers during the year, and considers the development of the German budget and of credit conditions and the currency, in relation to the operation of the plan as a whole and from the broader standpoint of the reconstruction of the German economy.

End of the "Transition Period"

The fourth Annuity year (beginning September 1, 1927) brought to an end the so-called "transition period," and the execution of the plan has now entered upon the first standard Annuity year. The present report, therefore, affords the opportunity for a general survey of the results that have been accomplished under the plan during the transition period, viewed not merely against the background of four years ago, when the reconstruction of Germany was beginning, but also in their bearing on the position of the German economy at the opening of the fifth or standard annuity year.

The Fourth Annuity

The fourth Annuity payable by Germany under the terms of the plan amounted to 1,750 million gold marks, as compared with the Annuity of 1,500 million that was paid in the previous year and the standard Annuity of 2,500 million gold marks that is payable in the fifth Annuity year, which began September 1, 1928. With the exception of the contribution from the German budget, which increases by 750 millions in the fifth year, all the payments that go to make up the reparation Annuity were at their standard levels in the fourth Annuity year and they included for the first time the prescribed sums for amortization of the German Railway bonds and the German industrial debentures, which has now begun at the standard rate.

The Dawes' Plan Successful

The Experts' Plan has continued to operate successfully in the field of reparation payments and transfers. As in previous years, Germany has made all the payments required by the plan, and has made them loyally and punctually. The Transfer Committee, has, on its part, made transfers regularly and currently during the year, without disturbance to the German exchange, to an aggregate amount substantially equivalent to the year's receipts. Deliveries in kind have considerably increased, in harmony with the increased shares of the creditor Powers; and at the same time there has been a continuance of the tendency, noted in former reports, toward the transfer of an increasing proportion of the Annuity in foreign currencies. During the fourth Annuity year, the transfers in the various forms of foreign currency payments

amounted in the aggregate to about 943 million gold marks, or more than 54 per cent of the total transfer while transfers by reichsmark payments within Germany, chiefly for deliveries in kind, amounted to 796 millions, or about 46 per cent of the total transfers.

Development of Securities

During the year, moreover, the specific securities provided by the plan have continued to develop in a satisfactory way. The assigned revenues are yielding, during the present financial year as in the previous ones, a total return which provides a margin of considerably more than 100 per cent over the standard budget contribution of 1,250 million gold marks. And the transport tax is producing each year the standard contribution of 290 million gold marks, with an increasing margin of safety. The funds necessary to cover the annual service of the industrial charge at the full amount are also being realized regularly through the Bank for Industrial Debentures; and during the fourth Annuity year, though the industrial charge itself stood for the first time at the standard level, it proved possible for the Government, owing presumably to an increase in the working assets of industry, to make a material reduction in the rates of assessment levied to produce the charge.

German Railway Company Sound

The German Railway Company is in a strong financial position, owing partly to the recent increase in its tariffs and also to the beginnings of improved financial control; and the development of its business as a whole amply confirms the views expressed in the previous report, as to the capacity of the Railway Company to carry the full annual charge for the service of its reparation bonds, provided that it follows a prudent financial policy and that the rights of supervision and control reserved to the German Government are not exercised in such a way as to impair the company's ability to earn a fair and reasonable return on its capital.

Government Salary Increases Criticized

The German budget is still under the influence of the tendencies toward over-spending and over-borrowing to which attention was called in the Memorandum of October 20, 1927, principally the increasing expenditures resulting from the sweeping increases in official salaries and pensions which were initiated in September, 1927, and the continuing drain of the financial settlement with the States and communes, which automatically deprives the Reich of the principal share in the improved revenues from the incomes and corporation income taxes. The cash position of the Reich is also under pressure as a result of the overhanging burden of the extraordinary expenditures from previous years, which were originally intended to be financed by borrowing but which have had to be met in large part out of working funds now required for currency purposes.

States and Communes Calling on Reich

The States and Communes, on their part, while drawing from the Reich this year under the present financial settlement about 600 million reichsmarks more than in 1926-27, are still generally budgeting for deficits and calling on the Reich for larger and larger payments to meet their own constantly rising expenditures. The problem of the financial settlement, in fact, is pressing more and more for solution, in order to maintain the stability of the budget of the Reich; and when the present settlement expires on March 31, 1929, there will be a fresh opportunity, in the interests of the country as a whole, to provide a basis of settlement which, while recognizing the legitimate needs of the States and communes, will assure to the Reich the necessary means to meet its own requirements and a proper control over the revenues which it has the responsibility of collecting. The Experts, in April, 1924, referred to the financial relations between the Reich and the States and communes as the "existing hole in the budget," which "must be plugged"; and it is clear now that if the German Government, after more than four years' delay, will take the practical steps in this direction that are necessary for the protection of its own budget, it can by this means alone save hundreds of millions of reichsmarks of which it is now deprived by arbitrary transfers to the States and communes and at the same time bring about, for the first time since stabilization, a regime of orderly budget-making on the part of the States and communes themselves.

Government Expenditures and Revenues

The necessity of a balanced budget is not in question, and there is no doubt that the material for budget equilibrium exists. The revenues of the Reich continue to show a favorable development, and the most encouraging feature of the whole four years from the standpoint of the public finances is the great productivity of the revenues, notwithstanding the important reduction in taxation that have already been made. The practical problem, however, is to keep the Government's expenditures within the limits of the available revenues, and the time is approaching when more vigorous measures in this direction will have to be taken. The Finance Minister of the Reich has recognized, in recent statements to the Reichstag, the necessity of important reductions in expenditure in the coming financial year. He has also suggested the possibility of certain increases in taxation in order to bring the budget as a whole into balance. Undoubtedly, there are reserve sources of taxation still available and, if need be, recourse could be had to some of them.

The Problem of Taxation

Undoubtedly, also, there are opportunities for substantial reductions in expenditures, not only on the part of the Reich itself but also in the reform of the financial settlement with the States and communes. Whether and to what extent increased taxation may prove to be necessary will depend upon the practical progress that can be made in reducing public expenditures and in working out the various internal adjustments that have to be made. But there is nothing in the budget situation which will not yield to the application of sound principles of budget-making, and it is primarily an internal problem for the responsible authorities to take the necessary measures

for bringing the budget into proper order. The great productivity of the revenues, even after far reaching tax reductions, has established beyond doubt the essential basis for the sound development of the budget of the Reich, and it remains clear, as stated in the previous report, that no question can fairly arise, in the light of the practical experience thus far, as to the ability of the budget of the Reich to provide the full amount of its standard contribution under the plan.

Stabilization of German Currency

The plan has realized the other main object for which the Experts were originally appointed, the stabilization of the German currency. The reichsmark continues to satisfy all the requirements of stability, as it has at all times since the Experts' Plan went into operation. The gold reserves of the Reichsbank now stand at the highest point ever reached, and for the greater part of the past year the reichsmark has been one of the strongest currencies in the world, from the standpoint of the foreign exchanges. There has been a further growth in the volume of credit, but the supply from both domestic and foreign sources is not yet sufficient to balance the demand except at high rates of interest. It is encouraging, however, to observe that the rise in interest rates which took place during the autumn in the principal foreign markets has not been reflected in any further rise of interest rates in Germany.

Money Conditions Easier

On the contrary, except as the year-end settlement began to exert their usual pressure, German money conditions in the past few months have tended to become somewhat easier. The demands for long-term credit from the public authorities are still overtaxing the market, and they have rendered more difficult the problem of supplying funds with which to make up arrears of construction and to meet the special requirements of agriculture. Borrowing abroad during the last six months has taken the form chiefly of short-term loans, the proceeds of which have come to Germany in considerable part in the form of gold.

Overexpansion Checked

More broadly, it appears that the tendencies toward overexpansion which had developed during 1927 have now been checked, and that in many departments of German economic life normal forces have again reasserted themselves. The fluctuations which were characteristic of the period up to the spring of 1928, in the field of business activity, in foreign trade, in commodity prices and in economic conditions generally, have much diminished in extent and frequency during the past six months, and German production and trade, as well as credit conditions, have taken on an aspect of greater steadiness than at any other time since the war. All of this reflects the broader basis upon which German business as a whole is now being conducted.

Progress of German Foreign Trade

German foreign trade has made marked progress toward reaching a position of stability and balance. The margin by which imports have exceeded exports has gradually narrowed during the past year, and in September, 1928, the two were in substantial equilibrium for the first time since 1926. To some extent this improvement

was due to a decline in imports, but of greater importance in the long run was the further growth of exports which have reached the largest dimensions since stabilization. Thus exports and imports came into equilibrium in September, 1928, at a level of around 1,100 million reichsmarks, as compared with the average level of a little more than 800 millions at which equilibrium was maintained in 1926. The October, 1928, figures, owing to changes in the method of reporting which became effective on the first of the month, provide no basis for comparison, and no conclusions can be drawn from them.

Industrial Production

German business conditions generally appear to have righted themselves on a relatively high level of activity. A year ago, 1927, it will be recalled, German business was in the midst of a process of expansion which threatened to result in over-production in certain of the principal industries. This expansion derived a special stimulation from the very free use of credit, and from the spending and borrowing policies of the public authorities. Prices were rising, and these in turn called for wage increases which in many cases were promptly offset by further price increases. As the year 1928 comes to a close, it appears that this over-expansion has been checked before it reached dangerous proportions, and that a condition of relative stability has now been attained. The volume of industrial production, after the moderate recession which took place early in the year, has proceeded

as a whole on the general level maintained in the early part of 1927, a period already of very substantial output. Commodity prices have become relatively stable. The general volume of consumption appears to have remained during 1928 at or about the high level of the year before, giving an impressive indication of the improved standard of living among the great mass of the German population.

Germany's Part in European Reconstruction

Great as the progress of Germany has been during the last four years it is not to be supposed that she has yet made up for the values destroyed in the war or for the values which would have been produced had there been no war. But it should always be remembered that present dislocations and difficulties are not confined to Germany. The work of paying for the war even ten years after its conclusion remains a heavy task for all the countries which participated in it. Of all the former belligerents not one has yet freed itself from the debts and burdens left over from the war, and all of them, though in different degrees, have suffered from its inflationary consequences. Moreover, the reconstruction of Germany, as the Experts said in their report, is not an end in itself but is a part of the larger problem of the reconstruction of Europe. Since 1924, when stabilization was achieved and the execution of the Experts' Plan began, Germany's reconstruction has at least kept pace with the reconstruction of Europe as a whole, and it has played an essential part in the general process of European reconstruction.—See 2, p. 224.

Developments in Germany Between September 1, 1928 and May 31, 1929



THE principal event of the past six months has been, of course, the meeting of the Committee of Experts, which reached a unanimous agreement on June 7, 1929, and transmitted to the Governments concerned and to the Reparation Commission a Report embodying proposals for the complete and final settlement of the reparation problem. The new Plan recommended by the Experts is now in the hands of the Governments and awaits the necessary action on their part to put it into effect. Until then the Experts' Plan of 1924 remains in force, and its provisions continue to govern reparation payments and transfers. But the meeting of the Experts and their unanimous Report have been the facts of most fundamental importance in the period under review, and the present Report takes account of them not only from this standpoint but also because of their essential bearing on the development of the reparation problem as a whole.

The Beginning of the Standard Level Payments

In the field of reparation payments and transfers, the present Report covers the first period in which Germany has been called upon to make reparation payments at the so-called standard level prescribed in the Experts' Plan of 1924. The fifth or standard Annuity amounts to 2,500 million gold marks, as compared with the Annuity of 1,750 millions which was paid in the previous year. Except for the contribution from the German budget all the payments that go to make up the Annuity had reached their standard levels in the fourth Annuity year, and the whole increase of 750 millions has, therefore, fallen on the German budget, which contributes 1,250 million gold marks in the fifth Annuity year, as compared with 500 millions in the preceding year.

German Budgetary Difficulties

During the past six months, the budgetary difficulties of the Reich, which had been accumulating for about three years, came to a head, and the result was a severe strain on the cash position of the Reich, which has recently been relieved by a series of special measures undertaken by the German Government. The present Report traces the development of the Public finances through the six months' period, and gives at the same time an analysis of the budget for the current year, 1929-30, which was not finally enacted until June 29, 1929.

Factors Effecting Business Conditions

German credit and business conditions during most of the period since the last Report have been dominated by exceptional influences, arising, on the one hand, from the unprecedented severity of the winter and the budgetary difficulties of the Reich, and, on the other, from the attraction exercised by the high level of money rates in New York and the suspense incident to the work of the Experts' Committee for the final settlement of the reparation problem. In considering the effects of these and other forces operating on German economic life during the past six months, this Report presents the usual analysis of the facts as they have developed and reviews the position of the German economy as a whole, as it appears at the end of June. In the various fields which it covers, the report takes account of the official information available up to July 1, 1929.

The Administration of the Annuity

The execution of the Plan, as expressed in reparation payments and transfers, has proceeded regularly during

the first nine months of the fifth Annuity year. As in previous years, Germany has made loyally and punctually the payments required by the terms of the Plan. Deliveries and payments for the benefit of the creditor Powers have also been made currently and in increasing volume, under the auspices of the Transfer Committee, without interfering with the stability of the German exchange.

The Payment of Reparations by Germany

Germany paid during the first nine months of the fifth Annuity year, from September 1, 1928, to May 31, 1929, a total of 1,800,007,333.28 gold marks, of which 1,720,833,333.28 gold marks were on account of the fifth Annuity and 79,174,000 gold marks represented payments in completion of the fourth Annuity which did not fall due until September, 1928.

The fifth Annuity under the Plan amounts to a total of 2,500 million gold marks, made up as follows:

	Gold Marks
Contribution from the German budget....	1,250,000,000
Transport tax	290,000,000
Interest and amortization on the German Railway bonds	660,000,000
Interest and amortization on the German industrial debentures	300,000,000
Total	2,500,000,000

The fifth Annuity, as compared with the previous year, represents an increase of 750 million gold marks, the whole of which falls on the contribution from the German budget, which amounts to 1,250 million gold marks in the fifth Annuity year as compared with 500 millions in the fourth Annuity year. According to the terms of the Plan, the Annuity reaches the standard amount in the fifth year and thereafter is subject to modification only as it may be increased through the application of the index of prosperity, or as it may be increased or decreased in order to take account of changes in the general purchasing power of gold. The provisions of the Experts' Plan and of the London Agreement in these regards have been described in preceding Reports.

Payments on Account of the Fifth Annuity

The payments for the first nine months of the fifth Annuity year have all been made promptly when due, in conformity with the agreed arrangements. The payments on account of the fifth Annuity may be summarized as follows:

	Gold Marks
Contribution from the German budget..	937,500,000...
Transport Tax	193,333,333.28
Interest and amortization on the German Railway bonds	440,000,000...
Interest and amortization on the German industrial debenture	150,000,000...
Total	1,720,833,333.28

In addition to the receipts on account of the fifth Annuity, payments to the amount of 79,174,000 gold marks were received during September, 1928, in completion of the fourth Annuity. These payments have already been noted in the previous Report, and they must be taken into account in considering the reparation receipts that became effectively available for expenditure during the first nine months of the fifth Annuity year.

The payments received on account of the fifth An-

nuity have followed the detailed arrangements for monthly payments which were described in the last Report. In addition, an arrangement was made late in March, 1929, for an advance payment on account of the April 1st installment of the service of the German industrial debentures.

Industrial Debentures

Generally speaking, the payments for the service of the industrial debentures, as explained in previous Reports, cannot be arranged on a monthly basis owing to the fact that the funds destined for this purpose are collected only twice a year through the Bank for Industrial Debentures, by means of assessments on a very large number of industrial and other concerns. It proved possible, however, as in the fourth Annuity year, to arrange for a partial prepayment of the April 1st installment, and it was agreed, with the approval of the Reparation Commission and the German Government, that the Bank of Industrial Debentures would make an advance payment to the Agent General in the amount of 25 million gold marks on March 27, 1929, subject to a discount at the rate of 6 per cent per annum for the period in advance of April 1, 1929. The payment of 25 million gold marks, less discount, was accordingly made on March 27, 1929, and the balance of 125 million gold marks on account of the April 1st instalment was paid on the legal due date.

Transport Tax Contribution

The payments on account of the transport tax contribution for the fifth Annuity year amounted to 193,333,333.28 gold marks up to May 31, 1929, representing eight monthly instalments under the arrangement for regular monthly payments which was described in the last Report. This arrangement was made, as stated in the last Report, without prejudice to any questions of principle, and four additional month instalments remain to be paid in respect of the fifth Annuity year, including one in September, 1929, in completion of the year's contribution. For the first nine months of the Fifth Annuity year the actual transport tax collections, according to the monthly reports received from the Finance Ministry of the Reich, have amounted to a total of 229,696,018.10 reichsmarks. The eight monthly instalments received on reparation account during the first nine months of the fifth Annuity year are considerably more than covered, therefore, by the actual yield of the transport tax in respect of the nine months' period, and there appears to be no doubt, on the basis of the present figures, that the full year's contribution, amounting to 290 million gold marks, will be realized out of the yield of the tax for the year.

Payments Due in September, 1929

Owing to the terms of the agreement for monthly payments of the transport tax contribution, and the arrangement of the legal due dates for the payment of the service of the German Railway bonds, two payments on account of the fifth Annuity, though accrued in respect of the period prior to September 1, 1929, do not have to be made until September, 1929, the first month of the sixth Annuity year. The payments which will thus remain to be made in September amount to a total of 79,166,666.74 gold marks, consisting of the final instalment in respect of the year's service of the German Railway bonds, in the amount of 55 million gold marks, which falls due on September 1, 1929; and the final instalment of the transport tax contribution in respect of the fifth Annuity year, to the amount of 24,166,666.74 gold marks, which is to be paid on September 21, 1929.—See 3, p. 224.

The Young Plan for Reparations Settlements

Provisions of the Experts Plan of 1929

Official Summary by the U. S. Federal Reserve Board



PLAN for the final settlement of the problem of German reparations was adopted by the unanimous signing of a report on June 7, 1929, by a committee of experts on which the five principal allied countries, the United States, and Germany were represented. There is presented below a summary of the experts' recommendations, followed by the full text of the report.

Creation of Committee and Terms of Reference

The committee of experts was appointed in accordance with the decision of the Belgian, British, French, German, Italian, and Japanese Governments to entrust to independent experts the task of drawing up proposals for a complete and final settlement of the reparations problem. The Belgian, British, French, Italian, and Japanese experts were appointed by the Reparation Commission upon the nomination of their respective Governments; the German experts were appointed by the German Government, and the experts who were citizens of the United States were appointed by the Reparation Commission conjointly with the German Government. Six members of the present committee, including the chairman, had been members of the Dawes committee of 1924, and several others had been associated with the practical working of the Dawes plan. An important difference between the present committee of experts and the Dawes committee is that representatives of Germany were members of the present committee, whereas their status with reference to the Dawes committee was that of witnesses. Mr. Owen D. Young, one of the American members of the committee, was elected chairman. The first regular meeting of the committee was held in Paris on February 11, and it was in practically continuous session over a period of 17 weeks after that date.

The terms of reference of the committee of experts were as follows:

The Belgian, British, French, German, Italian, and Japanese Governments, in pursuance of the decision reached at Geneva on September 16, 1928, whereby it was agreed to set up a committee of independent financial experts, hereby entrust to the committee the task of drawing up proposals for a complete and final settlement of the reparation problem.

These proposals shall include a settlement of the obligations resulting from the existing treaties and agreements between Germany and the creditor powers. The committee shall address its report to the Governments which took part in the Geneva decision and also to the Reparation Commission.

These terms of reference giving broad power to propose a complete and final settlement of the reparation problem may be contrasted with the terms in which the Dawes committee of 1924 was invited by the Reparation Commission. That committee was asked to "consider the means of balancing the German budget and the measures to be taken to stabilize German currency."

The report of the committee, having received the unanimous approval of the experts, must now be submitted to the respective Governments for their approval. Since the United States is not a party to the proposed settlement, the report as a whole does not require the approval of the American Government, which must, however, approve the proposed schedule of payments to this country. Until the report shall have been approved by the Governments concerned, the arrangements under which reparations have been paid since September 1, 1924, continue in effect. The proposal contemplates that the proposed plan, if ratified in time, should go into effect on September 1, 1929, at the close of the fifth year under the Dawes plan and the first year under the standard annuity.

Quotations From 1924 Report of Experts

At the outset of the report the committee quotes and adopts from the Dawes report the following statement of point of view and method of procedure:

We have approached our task as business men anxious to obtain effective results. We have been concerned with the technical and not the political aspects of the problem presented to us. We have recognized, indeed, that political considerations necessarily set certain limits within which a solution must be found if it is to have any chance of acceptance. To this extent, and to this extent only, we have borne them in mind.

The report ends also with a quotation from the Dawes report as follows:

We regard our report as an indivisible whole. It is not possible, in our opinion, to achieve any success by selecting certain of our recommendations for adoption and rejecting the others, and we would desire to accept no responsibility for the results of such a procedure nor for undue delay in giving execution to our plan.

Schedule of Payments

In making out a schedule of annual payments, the committee adopted the following three principles: (1) A division of the annuity into an unconditional part and a postponable part; (2) the necessity for continuing deliveries in kind for a few years; and (3) the arrangement of suitable conditions for the postponable part in times of exceptional difficulty.

The unconditional part of the annuity consists of 660,000,000 reichsmarks (\$157,212,000), payable in foreign currencies in equal monthly installments without any right of postponement of any kind. The remainder of the annual payments, also payable in foreign currencies, is subject to certain postponements of transfer and of payment under prescribed conditions. The committee states, however, that "the total amount of the annuity proposed * * * is one which they have every reason to believe can in fact be both paid and transferred by Germany."

Under the proposed plan the maximum amount of the annuities and the maximum period during which they are to run are fixed.¹ In the first full annuity year (April 1 1930-March 31, 1931) the annuity proposed is 1,707,900,000 reichsmarks (\$406,821,780). In the following year the annuity is slightly less; but thereafter it rises practically without interruption to a maximum of 2,428,800,000 reichsmarks (\$578,540,160) in 1965-66. Average payments to the creditor powers during the first 37 years are to be 1,988,800,000 reichsmarks (\$473,732,160), to which are to be added installments on the international loan floated after the adoption of the Dawes plan, bringing the total average up to 2,050,600,000 (\$488,452,920) per year. Payments for the following 22 years are then sharply reduced to approximately the amount necessary to cover "outpayments" of the creditor countries as set forth in the special memorandum on outpayments which accompanies the report. The outpayments rise from 965,100,000 reichsmarks (\$229,886,820) in 1930-31 to 1,573,700,000 reichsmarks (\$374,855,340) in 1965-66; attain a maximum of 1,703,300,000 reichsmarks (\$405,726,060) in 1983-84; and drop to approximately 900,000,000 reichsmarks (\$214,380,000) annually in the last three years.

Concurrently with the execution of the plan proposed by the experts, Germany, France, Great Britain, Italy, and Belgium executed an agreement, which is not part of the plan itself nor an annex to it, and which was not signed by the American experts, who considered it a matter for these powers alone to deal with. Under the terms of this agreement during the first 37 years two-thirds of "any relief which any creditor power may effectively receive in respect of its net outward payments on account of war debts" shall be passed on to Germany in the form of a reduction of annuity payments, and one-third shall accrue to the creditor power. So long, however, as any German liability remains on the final 22 payments, the creditor power concerned will receive only one-fourth of the net relief, and the difference between one-fourth and one-third will be paid into the Bank for International Settlements to accumulate toward meeting the final 22 payments. During the last 22 years the entire relief from outpayments shall be applied to the reduction of Germany's liabilities. In addition, certain funds accumulated by the Bank for International Settlements, including the funds mentioned above, are to be utilized to assist Germany in meeting the final 22 annuities.

It is apparent, therefore, that in the new plan the maximum amounts and maximum time period of the German payments are determined, while the actual amounts to be paid are subject to reduction.

The payments under the present proposal may be compared with those under the Dawes plan. Under the Dawes plan Germany is obliged to pay a standard annuity of 2,500,000,000 gold marks (\$595,000,000). No limit is set to the number of years, the annuity is to run. Furthermore, there is the possibility that a supplementary annuity may be required; for beginning with the annuity year 1929-30 Germany is obligated under the Dawes plan to pay an additional percentage equivalent to the percentage by which the "prosperity index" for the last

calendar year exceeds the base period 1927-1929. There is also a provision permitting an alteration of both the standard and the supplementary annuities in case of a 10 per cent change in the general purchasing power of gold as compared with 1928. Thus under the Dawes plan there is no definite limit fixed either for the number of years that the annuity is to be paid or for the amount of the annual payments.

Distribution of Annuities

The distribution of the annuities among the creditor powers is set forth in Annex VII. During the period 1929-1965 France will receive an annual average amount of 1,046,500,000 reichsmarks (\$249,276,300); the British Empire, 409,000,000 reichsmarks (\$97,423,800); Italy, 213,700,000 reichsmarks (\$50,903,340); Belgium, 115,500,000 (\$27,512,100); the United States, 66,100,000 reichsmarks (\$15,745,020); and other countries, 138,000,000 reichsmarks (\$32,871,600). The distribution of payments after 1965 will be approximately in the same proportion.

The experts of the principal creditor Governments have agreed that there shall be assigned to France out of the unconditional annuity 500,000,000 reichsmarks (\$119,100,000) annually, in order to allow her to mobilize a substantial part of her share in the total annuity. Out of the remainder of the unconditional annuity, after allowing for the service of the Dawes loan, 42,000,000 reichsmarks (\$10,604,400) will be apportioned to Italy; and the balance will be distributed among the other powers. In view of the large portion assigned to France, and in order to protect the other powers in case transfer of their shares is postponed, machinery is proposed by which France will guarantee to the other powers the shares they would have received had the nonpostponable annuity been distributed in the same proportions as the total annuity.

Sources of Payments

The payments are to be derived from two sources—the German Railway Company and the general budget. The bonds of the railway company, amounting to 11,000,000,000 reichsmarks (\$2,620,200,000) imposed under the Dawes plan, are to be canceled according to the experts' proposal, and the railway is to assume instead the obligation to pay a 660,000,000 reichsmark (\$157,212,000) annual tax, equivalent to the service payable on the railway bonds now outstanding. The tax on the railways is to cease after three years.

Outside of the 660,000,000 reichsmarks to be raised from the railroads, the payments are to come directly and entirely out of the German budget. The 5,000,000,000 reichsmarks (\$1,191,000,000) of bonds imposed upon industry and agriculture are to be canceled. The contribution from the budget is to increase by an average amount of 24,000,000 reichsmarks (\$5,716,800) a year.

Removal of Controls

The committee proposes to remove most of the foreign controls now operative in Germany. Under the Dawes plan there were created, in addition to the Agent General, various commissioners and trustees—for example, commissioners of the Reichsbank, German railways, and controlled revenues, and trustees for the German railway bonds and the industrial debentures. For the most part these offices were rendered necessary by reason of the number of sources from which reparations payments were to be drawn.² The committee now proposes to abolish

¹See Part VIII and Annex VII of the plan.

²Under the Dawes plan the standard annuity is derived as follows:

	In millions of gold marks
Budget of the Reich.....	1,250
German railway bonds.....	660
Industrial debentures.....	300
Transport tax.....	290
	2,500

The contribution of the Reich is derived from certain controlled revenues.

these offices and to place full responsibility upon the German Government for meeting the reparation payments as due. As regards the revenues assigned under the Dawes plan to meet the budget payment, the committee's language is as follows:

We have also considered the position with regard to the assigned revenues and, having regard to the fact that these revenues are pledged as collateral security for the service of the German external loan of 1924, we feel it is impossible to recommend the release thereof.

Nevertheless, we are of the opinion that it would be suitable for the German Government to discuss with the trustees for the bond holders of that loan the possibility of simplifying, as far as possible, the existing machinery and that the creditor Governments for their part should accept a similar arrangement.

Apart from these special questions the committee desires to record its view that the basis of security for the payment of the annuities is the solemn undertaking of the German Government, to which no further guarantee can add anything whatsoever.

Deliveries in Kind

The plan provides for a temporary continuance of deliveries in kind in decreasing amounts, chiefly for the purpose of maintaining a transitional period, and to avoid any possible shock to existing economic conditions in Germany. Deliveries in kind are to continue for a period of 10 years and are to absorb each year a decreasing amount of the postponable portion of the annuity. During the first year deliveries in kind are to amount to about 750,000,000 reichsmarks (\$178,650,000) and this amount is to diminish by 50,000,000 until the tenth year, when it is to be 300,000,000 reichsmarks (\$71,460,000). These deliveries in kind are to be adapted to the actual annuities of the new plan without increasing the total.

Conditions of Postponement

In order to protect Germany against the danger of having the annual payments disorganize the German currency, there is a provision under which transfers, and even payments, may be postponed. The German Government is given the right to bring about a postponement of transfers by giving at least 90 days' previous notice, the postponement to be for a maximum period of two years and not to be applicable to the unconditional part of the annuity. In case Germany claims a postponement in any one year, the transfers falling due in any second year can be postponed by no more than one year. At a time when postponement of transfers is in effect, but not until one year after it has become effective, the German Government has the right to postpone payment for one year of 50 per cent of any sum the transfer of which is then susceptible of postponement. This percentage may be increased upon the recommendation of the advisory committee provided for in the experts' plan. Funds of which the transfer has been postponed shall be utilized in a manner agreed upon between the Reichsbank and the Bank for International Settlements. Special arrangements about additional deliveries in kind may be made to supplement payments in any year when a portion of the annuity is postponed. Transfers or payments which have been postponed and which have not been invested or utilized for deliveries in kind shall bear interest at 5½ per cent or at a rate 1 per cent above the prevailing discount rate at the Reichsbank, whichever is lower.

Under the Dawes plan the annuities are payable in gold marks, and it is the duty of a transfer committee

acting under the Agent General for Reparations to transfer the marks into foreign currencies "without threatening the stability of the German currency." If necessary, transfers by the committee may be postponed. Now that the German Government itself is to be made responsible for effecting the transfers, it is given a similar right to postpone. But in case this right is exercised, payment of the annuities must still be made in marks in Germany, except to the extent noted above, and the liability of the German Government is not extinguished until the transfer into foreign currencies has finally been effected.

Advisory Committee

On the declaration of any postponement the Bank for International Settlements shall convene a special advisory committee. This committee shall make full investigation of Germany's position in regard to her obligations under the plan and, after having satisfied itself that the German authorities have used every effort in their power to fulfill their obligations, the committee shall recommend to the Governments and the bank what in their opinion are the measures that should be taken with reference to the application of the present plan. The committee shall act in a purely consultative capacity, shall play no part in respect to the unconditional annuity, and shall consist of seven ordinary and four coopted members. The seven regular members shall be the governors of the six central banks and of a Federal reserve bank of the United States or some other agreed American financial institution. These members shall, when they so desire, elect four more members, which are to be the coopted members.

Convertibility and Content of the Reichsmark

The fact that the annuities are payable in foreign currencies but are defined in reichsmarks gave rise during the deliberations of the committee to a question as to the interpretation to be attached to the word "reichsmark." Under section 31 of the bank law of August 30, 1924, the Reichsbank is obligated to redeem its notes in gold or gold exchange, thereby assuring the stable value of the reichsmark. But under section 52 of the same law the coming into force of section 31 requires concurrent resolutions of the Reichsbank managing board and of the general council. These concurrent resolutions have not yet been made, but the president of the Reichsbank, a representative of Germany on the committee, has undertaken in a letter that is incorporated in the report to introduce the necessary resolutions. To avoid possible misunderstanding a statement is inserted in the plan to the effect that "the German Government undertakes for the purpose of the present provisions, as well as for the general purposes of the plan, that the reichsmark shall have and shall retain its convertibility into gold or devised as contemplated in section 31 of the present Reichsbank law and that for these purposes the reichsmark shall have and shall retain a mint parity of 1/2790 kilograms of fine gold as defined in the German coinage law of August 30, 1924."

Provisions for Bond Issues

Upon that portion of the annuities which is not postponable, and which is not required for service of the Dawes loan, the German Government may at any time be required by the Bank for International Settlements to create issuable bonds. The Bank for International Settlements is under obligation to make this demand upon the request of the creditor Governments only if it con-

siders such a course opportune. If, however, a creditor Government is desirous of undertaking internal issues of German bonds in connection with conversion operations, the bank is obliged to accede to its request. Such bonds, however, are to be quoted only on the market of the country for which they were issued. Bonds representing the postponable portion of the annuities can be created only with the consent of the German Government.

Bank for International Settlements

As the proposed plan does away with the office of the Agent General for Reparation Payments, and with the Reparation Commission, so far as Germany is concerned, it became necessary to devise some plan for handling reparation payments and deliveries in kind, and for this purpose the plan proposes the organization of the Bank for International Settlements, which will have two sets of functions; its primary and compulsory function will be to receive and disburse reparation payments, effect transfers in certain contingencies, and handle deliveries in kind as long as they are made; its secondary and permissive functions will authorize it to act as a bank for other central banks. At the outset the bank will have a capital equivalent to \$100,000,000, of which \$25,000,000,000 will be paid up. Shares will be issued in equal amounts to the seven countries to which members of the experts' committee belong—that is, Belgium, France, Germany, Great Britain, Italy, Japan, and the United States; and the percentage of the total shares issued in these countries shall never fall below 55. The shares will carry no voting rights; but voting rights corresponding to the number of shares originally issued in each country will be exercised by the central bank of that country. In section 12 of Annex 1 the term "central bank," as used in the report, is defined and certain alternatives are indicated:

If in any country there is more than one bank of issue, the term "central bank" as used in this outline shall be interpreted to mean the bank of issue situated and operating in the principal financial market of that country.

If in the process of organizing the bank or in the performance of its functions after establishment it is found that the central bank of any country or its governor is unable to act officially or unofficially in any or all of the capacities provided for in this outline, or refrains from so acting, alternative arrangements not inconsistent with the laws of that country shall be made.

In particular, the governors of the central banks of the countries whose nationals are members of the present committee, or as many of them as are qualified to act, may invite to become members of the board of directors of the bank two nationals of any country, the central bank of which is eligible under this outline to take part in forming the board of the bank but does not do so. The two nationals of that country, upon acceptance of the invitation, shall be qualified to act in the full capacity of directors of the bank as provided in this outline.

Further, the directors of the bank shall be authorized to appoint, in lieu of any central bank not exercising any or all of the functions, authorities, or privileges which this outline provides that central banks may or shall exercise, any bank or banking house of widely recognized standing and of the same nationality.

Such bank or banking house, upon appointment and acceptance, shall be entitled to act in the place of the central bank in any or all capacities appropriate to central banks under this outline, provided only that such action is not inconsistent with the laws of the country in question.

Organization Committee of Bank

The plan provides for an organization committee to put the bank in operation. This committee is to be appointed by the governors of the central banks of the seven countries represented at the conference, each governor to appoint two members. In case any governor fails to appoint, the remaining governors can select two of his nationals as members of the organization committee.

Directorate

The entire administrative control of the bank is vested in the board of directors, which in the first instance is composed of the governors of the central banks of the seven countries mentioned above and their appointees to the number of seven. During the period of the German annuities the governor of the Bank of France and the president of the Reichsbank may each appoint one additional director of his own nationality representative of industry or commerce. Nine remaining directors are to be elected by the original group from a list furnished by governors of the central banks of each of the other countries participating in the share ownership of the bank. "The functions of a director," the report says, "are incompatible with those involving national political responsibilities."

Power to Receive Deposits

The bank will have authority to receive deposits. This power is limited, by the condition that the "deposits must be of a nature consistent with the bank's functions with respect to the facilitation of international settlements or in connection with the German annuities." The board of directors or the executive committee shall have the right to consider applications to open deposit accounts, which may include a variety of classes: (1) deposits on annuity account; (2) deposits from central banks; (3) deposits on clearing account; (4) deposits originating in connection with the German annuities; (5) deposits in connection with the guarantee fund and relative to the mobilization of the unconditional annuity; (6) special deposits of the German Government.

The bank shall have the right to pay interest on deposits that are not susceptible of withdrawal until at least one month from the time of deposit. The rate of interest shall be determined by the board of directors or by the executive committee.

Reserve Requirements

Definite reserve requirements are placed against deposits. Against clearing accounts, which constitute in effect a gold settlement fund representing gold delivered by central banks or earmarked by them for account of the Bank for International Settlements, the whole amount of the gold so deposited must be held. Against deposits payable in 15 days or less a minimum reserve of 40 per cent must be held in gold or in foreign exchange on gold standard or gold exchange standard countries. Against deposits of longer maturity than 15 days a reserve of 25 per cent in gold or foreign exchange must be held.

Power of the Bank

The bank has the power (1) to buy and sell gold, earmark gold, and make advances on gold; (2) to buy and sell bills of exchange and other obligations of prime liquidity; (3) to open and maintain deposit accounts with central banks; (4) to rediscount for central banks bills

taken from their portfolios, to make loans to them on security of such bills, or to make advances to them against the pledge of other securities; (5) to buy and to sell intermediate or long-term securities up to the amount of its capital and reserve funds; (6) to invest in German reichsmark funds standing to the credit of the bank at the Reichsbank, which are not transferable, owing to a declaration of transfer postponement; against funds so invested the bank has authority to issue counter obligations and to sell them in non-German markets and to distribute the proceeds of such sales in the same way as in the case of normal transfers; (7) to issue its own obligations at long or short term, secured or unsecured, for the purpose of relending to any central bank—in each case upon the specific decision of the board of directors by two-thirds vote. The injunction is laid down, however, that "the investment powers of the bank shall never be used in such a way as to exercise a predominant influence over business interests in any country"; and the bank is permitted to conduct operations in any country only with the consent of the central bank of that country, and consistently with the policy of such bank.

Distribution of Profits

With regard to the annuity payments, not only will the bank carry out all the necessary operations involved in administering them as trustee, but to some extent its profits will be employed in assisting the German Government to cover the annuities for the last 22 years. How important this assistance becomes will depend upon the volume of profits remaining after prior claims have been met. At the outset the bank is expected to pay a 6 per cent dividend on paid up share capital and to make heavy contributions to reserves. Thereafter the dividend will gradually be increased to 12 per cent, if earnings permit, and the contributions to reserves will be diminished. Of the profits remaining after the payment of dividends and the transfers to reserves, 75 per cent will be distributed "to Governments or central banks of creditor countries or of Germany which maintain time deposits at the bank withdrawable in not less than five years from the time of deposit and, after four years, on not less than one year's notice." The other 25 per cent is to go to the German Government alone, to aid it in paying the last 22 annuities, providing it elects to make a long-term deposit of the kind just described and amounting to 400,000,000 reichsmarks (\$95,280,000). If the deposit is smaller, Germany's share in the profits will be proportionately smaller. Aside from sharing in profits, the deposit is to carry compound interest, at the maximum current rate paid by the bank on time deposits. If the fund comes to exceed the amount required to pay the last 22 annuities the balance is to be distributed among the creditor Governments in proportion to their outpayments during the period. The provisions as to the distribution of profits do not release the German Government from its absolute liability to pay the prescribed annuities, whether any profits exist or not.

Broad View of Bank's Functions

That the committee does not regard the bank solely as a factor in facilitating the payment of reparations is indicated by the following statement:

It will be seen that the essential reparation functions of the bank were such as to form a solid reason for its

existence; but the committee were led inevitably to add to those reasons the auxiliary, but none the less material, advantages that it might have in the general position of present international finance * * * The character of the annuities and the magnitude of the payments to be transferred over the exchanges provide at once the opportunity and the need for supplementing with additional facilities the existing machinery for carrying on international settlements and, within limitations, of the sound use of credit to contribute to the stability of international finance and the growth of world trade. * * * Especially it is to be hoped that it will become an increasingly close and valuable link in the cooperation of central banking institutions generally—a cooperation essential to the continuing stability of the world's credit structure.

Complete Settlement Recommended

In connection with the adoption of the proposed plan, the committee urges that there shall be a general liquidation of the other financial questions arising out of the war and the subsequent treaty of peace within one year from the coming into force of the plan. It recommends that this liquidation take place in a broad spirit of mutual concession, with the general object of confining payments to those outlined in the plan.

Belgian Marks

An annex to the plan provides for machinery of a separate adjustment between Germany and Belgium in connection with the German marks issued in Belgium at the time of German occupation, which are now held by the National Bank of Belgium. The experts "recognize that the new plan can not become operative until the Belgian and German Governments have come to an internationally binding agreement on the mark claim."

Organization Committee

In addition to the organization committee for the Bank for International Settlements, which has already been mentioned, the experts' report provides for other committees to put the other parts of the plan into effect. Each of these other committees is to consist of the same number of representatives of the creditors and of the debtor, with a neutral chairman to be called in case of disagreement. The committees are to deal, respectively, with the adaptation of the German loan set up under the Dawes plan, with the handling of the securities assigned to the Dawes plan, with the adaptation of the German banking law, and with the adaptation of the German railway law. When the Governments have approved the plan, it is contemplated that a special committee be organized to do the administrative work for setting up the organization provided for by the plan and for handing over to it the functions of existing organizations. The task of transferring the functions of the existing organizations to the Bank for International Settlements is to be conferred upon a small special committee composed of two members of the organization committee of the Bank for International Settlements, as well as of representatives of the German Government, the Agent General, and the Reparation Commission, an equitable representation being assured to the powers represented on the present committee.

American Attitude Toward Reparations

United States Holds That Reparations and War Debts of Allies Be Treated Separately

by Lewis Webster Jones
Foreign Policy Association



ERMANY'S reparation liabilities are based originally upon the Treaty of Versailles, which charged Germany with full responsibility for the war. Germany was economically unable to bear the full charges imposed upon her by the Reparation Commission. During the ten years which have elapsed since the Treaty of Versailles, opinions have been gradually modified until, more and more, reparation is coming to be regarded as a means of making Germany pay what is considered a fair share of the cost of the war.

Debts for Value Received

The war debts of the Allied Governments to the Government of the United States have a very different origin, and rest upon an entirely different basis. They were contracted for the purpose of paying for war supplies purchased by those governments in the United States, so that, in other words, the Government of the United States accepted the notes of the various Allied Governments for value received in the form of munitions and other supplies. There is nothing in the various acts passed by Congress authorizing these loans to indicate that they involved anything other than a purely business transaction. According to available records, there is no evidence whatsoever that the United States Government ever officially regarded the Allied debts to the United States in any other light.

Statement of Secretary Houston

As early as June 26, 1920, Secretary Houston, in a memorandum to Sir Auckland Geddes, the British Ambassador, stated:

"It has been at all times the view of the United States Treasury that questions regarding the indebtedness of the government of the United Kingdom of Great Britain and Ireland to the United States Government and the funding of such indebtedness had no relation either to questions arising concerning the war loans of the United States and of the United Kingdom to other governments or to questions regarding the reparation payments of the Central Empires of Europe. These views were expressed to the representatives of the British Treasury constantly during the period when the United States Government was making loans to the Government of the United Kingdom and since that time in Washington, in Paris and in London."

President Wilson on Foreign Debts

On November 3, 1920, President Wilson, in replying to a communication from Mr. Lloyd George, said:

"The United States fails to perceive the logic in a suggestion in effect either that the United States shall pay part of Germany's reparation obligation or that it shall make a gratuity to the Allied Governments to induce them to fix such obligation at an amount within Germany's capacity to pay. This Government has endeavored heretofore in a most friendly spirit to make it clear that it cannot consent to connect the reparation question with that of intergovernmental indebtedness."

Wilson Policy Adhered To

The policy thus set forth by President Wilson and Secretary Houston has been strictly adhered to both by Congress and by succeeding administrations. In passing the act creating the World War Foreign Debt Commission in 1922, Congress explicitly provided that the commission had no authority to exchange bonds or other obligations "of any foreign government for those of any other foreign government or cancellation of any part of such indebtedness except through payment thereof."

The only change in the attitude of Congress has been to authorize the various debt-funding agreements which were negotiated by the Debt Funding Commission. The United States Government, therefore, refuses to recognize any connection between reparation obligations which were imposed upon Germany by the victors in the war and the debts of the Allies to the United States which were contracted for the purpose of paying the United States for goods purchased in this country.

The Problem of "Outpayments"

In their purely financial aspects, however, war debts and reparation are only aspects of the larger problem of paying for the war. The reparation settlement proposed by the Young committee definitely recognizes this connection by making German payments conform to the "outpayments" of the Allied Governments.

Perhaps the most distinctive feature of the Young settlement is the clear and unmistakable recognition of the economic and financial connection between war debts and reparation.

In the first place, the period over which German reparation payments are to run is made to correspond with the period of the war debt payments. In the second place, the amounts of the German annuities and the condition of their payment are explicitly related to what the Young report discreetly designates as "outpayments" of the Allied countries.

Action of French Chambers of Deputies

The French Chamber of Deputies in ratifying the Mellon-Berenger Agreement on July 21, 1929 made it clear that French payments to the United States were dependent upon receipts from Germany. The Chamber of Deputies ratified the agreement without reservations, but in a separate resolution declared that the charges imposed upon France by the two accords should be covered by German reparation payments. Thus, if Germany should default in her payments to France under the Young plan, the French Government would doubtless ask the United States and Great Britain for a revision of the debt agreements.

Memorandum of the Creditor Powers

In a special memorandum of the principal creditor powers and of Germany, signed concurrently but not as a part of the Young report, the amounts required to cover "outpayments" were agreed upon.

The memorandum further provides that Germany shall profit by any reduction in war debt payments by stating that "in the event of modifications of those obligations for outpayments by which the creditors benefit, there should be some corresponding mitigation of the German annuities . . . Any relief which any creditor power may effectively receive in respect of its net outward payments on account of war debts, after making due allowance for any material or financial counter-considerations, and after taking into account any remissions on account of war debt receipts which it may itself make, shall be dealt with as follows:

The 37-Year Payment Period

"As regards the first 37 years,

"a. Germany shall benefit to the extent of 2/3 of the net relief available by way of a reduction in her annuity obligations thereafter.

"b. One-third of the net relief shall be retained by the creditor concerned in addition to the amounts otherwise receivable from Germany.

"c. Nevertheless, so long as any liability of Germany persists in respect of the period after the 31st March, 1966, the creditor concerned will retain annually $\frac{1}{4}$ part of the net relief, the balance being paid to the Bank of International Settlements.

"d. These payments to the Bank of International Settlements shall accumulate to assist Germany toward meeting her liabilities in respect to the period after the 31st March, 1966. . . ."

As regards the last twenty-two years, the plan provides that the whole of any reduction in the amount of the war debts shall be applied to the relief of Germany's liabilities.

The Young Plan and American Policy

Although Americans have played a conspicuous and indispensable part in helping to solve the reparation problem, the United States Government has maintained throughout an official aloofness. Roland W. Boyden and later James A. Logan unofficially represented the United States on the original Reparation Commission. Secretary Hughes, in a speech at New Haven on December 29, 1922, was the first to propose a committee of experts to examine Germany's reparation problem. In the first committees of financial experts, General Charles G. Dawes, Owen D. Young and Henry M. Robinson played conspicuous roles. Owen D. Young and S. Parker Gilbert acted successively as Agent General for Reparation Payments under the Dawes plan. And Owen D. Young, J. P. Morgan, T. W. Lamont and T. N. Perkins took a leading part in the formulation of the Young plan. Throughout all this, however, the United States Government has refused its official participation.

Reparation a Purely European Problem

Except for American claims for the cost of the Army of Occupation, and mixed claims of American citizens against Germany, the United States has no interest in German payments. It has taken the attitude that reparation is essentially a European problem in which the New World has no concern. American policy toward reparation is derived from two sources: First, its traditional foreign policy of remaining aloof from the affairs of Europe; secondly, and what is probably more important, its refusal to recognize any connection between reparation on the one hand and the payment of war debts on the other. According to the official American view, the col-

lection of reparation by the Allied Governments to the United States for supplies purchased in this country by the Allies. As previously pointed out in this report, the United States has consistently pursued this policy under both Democratic and Republican administrations.

Capacity to Pay Principle Followed

While the United States has, in concluding debt-funding agreements with its debtors, expressly followed the principle of capacity to pay, and while it seems sufficiently obvious that the ability of the Allied Government to pay their war debts to the United States must be to some extent dependent on their success in collecting reparation payments, there are nevertheless reasons for the insistence of the United States Government on the different character of these two forms of obligation. Upon this distinction rests the whole case for the collection of the war debts.

The United States Paid Its Own War Costs

The United States is the only national which emerged from the war without foreign financial obligations. During the war the United States financed her own war activities, and in addition loaned more than \$10,000,000,000 to foreign countries, entirely by taxing and borrowing from her own people. At the outbreak of the European war the public debt of the United States was negligible, amounting to less than \$1,000,000,000; at the close of the war, in spite of drastic increases in rates of taxation, the public debt of the United States stood at about \$27,000,000,000.

If there should be a general cancellation, as proposed, for example, by Great Britain, the United States, as the general creditor, would suffer the greatest immediate loss.

President Hoover's Position

On June 18, 1929, President Hoover made it clear that the United States was not a party to the Young agreement. He said:

"Our government is not a party to that agreement and therefore would not be a signatory to it. There is no occasion to submit the agreement to Congress. The only point for Congressional action is an authority to the Administration to reduce Germany's treaty obligations in respect to the comparatively minor items of army occupation costs and mixed claims."

In the effort to avoid even an appearance of participation in the collection of reparation, Secretary Stimson, on May 16, 1929 announced that the United States would not be a member of the Bank of International Settlements. He said:

"While we look with interest and sympathy upon the efforts being made by the committee of experts to suggest a solution and settlement of the vexing question of German reparation, this government does not desire to have any American official, directly or indirectly, participate in the collection of German reparation through the agency of a bank or otherwise."

The Administration's Policy

The policy of the administration will mean that some American bank other than a Federal Reserve Bank will unofficially participate in the international bank. The Young plan provides that if for any reason the governor of any of the central banks should be unable to participate officially or unofficially in the establishment of the Bank of International Settlements, the governors of the other central banks will invite two fellow-nationals of the governor not participating to act in his place.—See 4, p. 224.

Results of the Hague Conference

Comment by Leading Delegates, American Newspaper Correspondents and European Press on What the Conference Accomplished

The Conference Adjourns

by EDWIN L. JAMES

Special Cable to the N. Y. Times of Sept. 1, 1929



HE Hague conference adjourned today subject to the call of its president, Premier Jaspar of Belgium. It probably will be convoked again in about a month to complete the task of putting the Young plan into operation.

The financial and political commissions met this morning at 10 o'clock to complete the reports on the results of their work and at noon the conference held a plenary session at which the reports were read and then signed by Premier Jaspar as president and by Sir Maurice Hankey as secretary general. These reports will go before the conference when it resumes for final action.

As brass bands and troops celebrating the birthday of Queen Wilhelmina were marching past, the delegates left the Binnenhof to rush away to their trains.

Snowden's "Happy Memories"

At the final session many suave speeches were made, the most interesting of which was by Philip Snowden, who, in nominating Premier Jaspar as permanent president, said he appreciated the great services rendered by him in the situation for which Mr. Snowden was largely responsible. Mr. Snowden completed his speech by a reference to the "happy memories" he would take away from The Hague.

"I have made friendship here," he said, "which I will cherish until the end of my days."

The various commissions called for by the Young plan will work during the interim between meetings. The chief interest attaches to the committee for setting up the in-

ternational bank. This committee, consisting of representatives of governments and banks of issue, will have an American member whom Owen D. Young probably will be asked to name. The bank committee probably will have difficult sessions and a contest is promised when the conference resumes, probably at Lausanne, because of the changes in plans the English are expected to ask.

The International Bank

Mr. Snowden regards the proposed institution as having too large powers and apparently too great a degree of independence in being controlled by banks of issue rather than by the governments. A week ago he advanced the idea that the Bank should be in the hands of the national treasuries. Whether he had the result in mind or not, this would have eliminated the Americans from the Bank which Mr. Young and J. P. Morgan did so much to plan.

It appears there was an exchange of opinions among the experts, including Mr. Young, with the result that there was firm opposition to Mr. Snowden's move, and so far as this session is concerned he has dropped it. But there is no reason to believe he has dropped his intention to ask numerous changes in the scheme for the bank. This will in all likelihood be done both in the bank committee and in the final session of the conference in October.

It was the general expectation of the delegates today that the conference could be resumed and completed in time for ratification of the Young plan so it could come into force formally as of Nov. 1.

Sub-Committees Appointed to Work During Recess



EFORE adjournment was taken at The Hague on August 31, 1929, the Conference appointed the following sub-committees to work on unfinished matters:

- (1) For organization of the bank of international settlements.
- (2) For final liquidation of the claims arising from the sequestration of enemy property during the war.

- (3) For modification of legislation in the Reich for the Dawes plan to make it fit the new Young plan, and
- (4) For changes to be made in the railroad debentures to permit the Reich to raise money by issuing railroad bonds.

The bank committee will be composed of the heads of the banks of issue of the six inviting powers with a delegate from each of those countries and one from the United States, to be chosen probably by Owen D. Young.

What the Germans Think

The Bitter Struggle of Dr. Stresemann

by RAYMOND GRAM SWING

Copyrighted Special Cable from the Hague to the N. Y. Evening Post of Sept. 29, 1929



HE arrangement between Great Britain and the other creditor Powers (for the evacuation of the Rhineland) made two days ago, was based, in part, on the assumption that the Germans would bear the entire cost of occupation.

The Germans have fought bitterly against this burden, and last night and today there has been discussion of the scheme proposed by Dr. Joseph Wirth, Minister of Occupied Territory, that the cost of occupation should be met out of an international fund to which Germany would contribute. It is believed the Germans are ready to contribute as much as half of the cost, or around \$37,000,000.

Dr. Wirth Quotes Philip Snowden

Dr. Wirth has had to take over the heaviest share of Germany's fighting, as Foreign Minister Stresemann is now so ill as to give his doctor great anxiety. It was Dr. Wirth who stood up to Philip Snowden, British Chancellor of the Exchequer, last night, and quoted his own statement to him that the costs of the army of occupation should be met from the surplus of the Dawes fund which Britain has now pocketed.

In that tilt, when Mr. Snowden remarked that the speeches of Cabinet ministers should be burned, Dr. Wirth grew angry and said: "If we go home with what you are offering we shall be burned."

Difficulties of Dr. Stresemann

Dr. Stresemann was present this morning at the long session and insisted on receiving the German press afterward. But there was a touch of almost pathetic drama in his insistence. Not only is the German Foreign Minister fighting the French and British, but he is faced with dire mutiny in the German camp.

Dr. Hjalmar Schacht, president of the Reichsbank, is here with the backing of some of the leading German industrialists to try to force Dr. Stresemann to return home without an agreement. Dr. Schacht has strong personal ambitions. He wants to get the Socialist, Dr. Rudolph Hilferding, out of the Ministry of Finance, and he would not object to taking charge of the financial dictatorship of Germany.

Stresemann Curbs Mutiny

The intention of his clique, it is said here, is to steer Germany into a position close to temporary disaster through the collapse of the Dawes plan and to get something better in another conference, as well as to obtain control of the Government at home.

It is a mutiny which Dr. Stresemann can quell here, and in making his political agreement today he pushed the German delegation well out of reach of the Schacht intrigue. But when he goes home he may find a stronger protest against this so-called liquidation of the war than against any agreement Germany has made in recent years.

The Germans were angered by Mr. Snowden's attitude yesterday. Last week he assured them privately that he would not allow them to be squeezed to make up the amount owing to Britain from her own allies from German payments. But now that the German opposition threatens the sensational victory which he won last night he simply has changed his mind.

Four Sacrifices

The Germans had four sacrifices to make under the terms of this agreement, but only on this question of occupations costs were they determined not to give way. That is not, they said, to wreck the conference, but if they did, they said yesterday, they would have a united Germany behind them.

Comments by the German Press

by JOHN ELLIOTT

Copyright Special Cable from Berlin to the N. Y. Herald Tribune of Aug. 31, 1929



HE only German newspaper really enthusiastic over the Hague accord is the Socialist "Vorwaerts," which carries its report under a "banner" headline. "The Success of the Hague." "Vorwaerts" sees a triple German triumph as a result of the Binnenhoff conference—first, the easing of German financial burdens through the replacement of the Dawes plan by the Young plan; second,

the evacuation of the Rhineland and, third, the break-up of the entente between Great Britain and France through Great Britain's Labor government.

Finds War Alliance Liquidated

On this last point the Socialist organ says: "What remained of the Anglo-French war alliance against Ger-

many has been liquidated. The British Empire, led by MacDonald, Henderson and Snowden, stands impartially between Germany and France." In conclusion "Vorwaerts" says: "What the Hague conference brought in the way of confusion and discord soon will be forgotten. Its outcome opens up a new epoch in European history, in which great tasks are set before the Socialist parties of the various nations."

"Unmixed Satisfaction"

Somewhere more sober is the praise of the "Berliner Tageblatt." This Liberal newspaper asserts that even those who look upon the Young plan as a lesser evil compared with the Dawes plan cannot accept the political and financial results achieved at The Hague with "unmixed satisfaction."

"Incontestable," the "Tageblatt" finds, is the political success in the promise of a speedy Rhineland evacuation, and as an additional success it registers the decision that no control commission will be established for the demilitarized Rhine.

Against these victories, however, it balances "the unhappy financial points" that the German delegation was forced to concede over and above the Young plan as originally drafted. Despite all the sacrifices, however, the "Tageblatt" finds that the agreement is "to be regarded as a significant step on the way toward the pacification of Europe and the recognition of Germany as an equal member among the powers of the world."

Young Plan in Disfavor

"Though many a wish at The Hague remained unfulfilled, taken as a whole, the thanks of the German people are due the German delegation for laying the foundations of the restoration of full sovereignty of Germany and her economic reconstruction."

The Liberal "Boersen Courier," which is primarily a financial paper, complains that The Hague conference has left "a bitter aftertaste," and that the German delegation did not show "sufficient resistance to unfair methods. It considers, however, that one of the most important achievements of the conference is that no special control system will be erected in the demilitarized zone."

"A Lesser Evil"

"Germania," mouthpiece of the Catholic Center Party, declares: "We don't love the Young Plan, but we prefer it as a lesser evil, and as the means of restoring Germany's territorial and financial sovereignty, and thereby as a big step toward restoration of Germany's equality. In this sense, and with this reservation, we greet The Hague conference as a positive stride toward peace, rich though it be in sacrifices and renunciations on our part."

The "Deutsche Allgemeine Zeitung," the only Berlin newspaper belonging to Dr. Stresemann's People's Party,

says coldly: "We have accepted the Young Plan with its burdens for two generations, and its alleviation of our load for the next couple of years. For its coming into force we have had to pay more dearly than would have been the case with clever handling by the negotiations."

Objections to Date of Evacuation

This newspaper calls the date set for the evacuation of the Rhineland "bad, but it is there, and that is certainly the chief matter." The decision on the control question it calls a 100 per cent. victory for neither side, for if the French failed to get a special commission to supervise the demilitarized zone, so the Germans had to concede extra powers to the committee set up by the Locarno treaty.

Views of the Nationalist Party Organs

A glance at the headlines of the opposition press reveals clearly enough the indignation professed in the Nationalists camp over the Hague agreement. The "Kreuz-Zeitung" calls it "the catastrophe." The "Lokal-Anzeiger" blares loudly "No." The "Deutsche Tageszeitung" speaks of "pay for evacuation," while "Deutsches Zeitung," the most rabid of all the Monarchist papers, proclaims in glaring headlines to its readers: "Miserable End at The Hague—Complete Capitulation Before Allies—Rhine Control Forever."

Germany's Sacrifices Cited

This is Germany's future under the regime of the Young Plan as pictured this afternoon by the "Lokal-Anzeiger," the leading newspaper of many owned by Dr. Alfred Hugenberg, Nationalist leader, and organizer of a nation-wide campaign against the Young Plan:

"The German people must put up for all time with the encroachment on German sovereignty in the Rhineland. They must put up with every road, every railway platform and every German firm that has worked out an important manufacturing secret being spied upon according to France's free choice."

A Gloomy Prophecy

"The German people must assume additional financial burdens, to which, according to common knowledge, they are not equal. The German people will have to stagger from economic crisis to economic crisis, and see their representatives, cap in hand, and with trembling lip, go begging to the other side, crying, 'Grant us a moratorium. We can do no more.'"

"Then our enemies will have the possibility of keeping without compensation the most valuable manufactured products of the German people."

England Pleased with Results

Officials and the Press Praise Work of the Conference

Anglo-French Friendship

by ARTHUR HENDERSON

*British Secretary of State for Foreign Affairs
Statement to Press at the Hague Aug. 31, 1929*



OME irresponsible persons have been suggesting that there is likely to be in the future a want of cordiality and confidence in the relations between the governments of Great Britain and France. Any such suggestion is absurd. We desire to have cordial relations with every nation, but above all we desire to have them with our closest neighbor, France, whose services to the common civilization of the West we appreciate as they deserve.

We do not forget France is just across the Channel, and that it is through her we are linked to Continental

Europe; that in all parts of the world we have interests which are the same and which we can promote only by common action.

I hope that from now onward we shall work together with our French colleagues and the representatives of the other friendly nations to secure a general acceptance of obligatory arbitration and to carry through a general treaty for all-round disarmament and to make the League of Nations the living power it ought to be. Only by our cooperation for those great ends can the world be made safe from the nightmare of another war.

Attitude of the British Press

by JOSEPH B. PHILLIPS

Special Cable from London to the N. Y. Herald Tribune of Aug. 31, 1929



HANCELLOR of the Exchequer Philip Snowden has achieved a victory with honor—and also with strings tied to it. However remarkable was the spectacle during The Hague conference of the united British press cheering on the labor candidate in his assertion of uncompromising nationalism, now that the battle is won—or 83 per cent won—a rift in the ranks has shown through.

Not that there is any disparagement of the personal success of the harsh speaking Chancellor. Far from it. He is coming home about as completely a national hero as any statesman since the war. But from his eleventh hour triumph has come a reward which his country appears not to view altogether without doubt.

National Pride Soothed

In winning his victory Snowden permitted the very thing he deplored in advance—the demand of further sacrifices from Germany. In winning it also he stirred the popular indignation of France and Italy to a pitch unusual even for those always volatile nations. National pride in England found sweet the ring of the words asserting national prestige—words which had not been spoken in that tone for such a long time that even the echoes were lost to memory.

The Aftermath

But in the heat of the moment a few have seen and many have suspected that the gratification of national pride might hold an aftermath not so sweet.

For a long time there has been a feeling on the Continent that England was withdrawing into something like a splendid isolation of her own. Snowden's stand at The Hague has brought the question squarely before the Continental powers—and before England. Even during the days when the public was loudest in praise of Snowden's firmness, there were those in London—mostly financiers or politicians, oddly enough Snowden's own party—whose enthusiasm was decidedly cool. They were the first to realize the awkwardness of the situation for England

should the Chancellor's uncompromising attitude be carried to a logical end. And by the time the compromise really had been reached their opinion was the opinion of the public.

Press Praised Compromise

The reaction of the press on the day after the compromise was reached was enlightening. Newspapers of every political hue were as united in praise of Snowden for accepting a compromise and averting a final break as two weeks earlier they had been united in praising an attitude which, if maintained, could not have ended in any way except in such a final break. During the last few days at The Hague the realities of the situation seem to have come forcibly home to England.

Not the least of those realities was the question whether the financial point was a wise one to choose for the reassertion of British prestige. It was so obviously open to interpretation as plain haggling over pounds, shillings and pence instead of national honor. And an even greater question was that of the estranged feelings of the other powers.

Praise for Arthur Henderson

A composite review of all the comments upon The Hague conference therefore would be far from the jingoists' psalm of triumph, though that might reasonably have been expected from the earlier attitude. Instead Arthur Henderson was praised for his Rhineland agreement only slightly less than Snowden for his 83 per cent victory in the financial committee.

Henderson achieved an early evacuation of the Rhineland and the removal of that yoke upon Germany. In some ways his countrymen are willing to credit the quiet Foreign Secretary with the only clearly constructive act on behalf of international peace which the conference produced. Henderson worked in quiet and Snowden in the full glare of publicity. Hence Snowden is the popular hero of the moment.

Briand Speaks for France

by ARISTIDE BRIAND
Premier of France

Press Statement at the Hague, Aug. 31, 1929

Editor's Note—The view point of the Belgian and Japanese delegates was reported in reliable press dispatches from the Hague as coinciding with the views of M. Briand

IT became a question of France and the other creditor nations making sacrifices to meet the English demands. Well, seeing only wreckage threatened by any other course, we decided to pay the price. I am going to face a hard fight in France, as you know, but I do not shrink from it. It seems to me that what we bought by our concessions is worth the price.

Suppose we had refused to meet Mr. Snowden and the conference had broken up. What would Americans have thought of France for allowing the Young plan to be ruined for a few million dollars yearly? If it is true that Mr. Snowden asked only a small part of the total German payments, then it is true that what it took to meet him also was a small part.

If the conference had been allowed to break up, there would have been serious financial consequences. As you know, France perhaps could have stood that. But there would have been political consequences which would have put Europe back for years in the process of pacification. It might have meant ruin for the work of rapprochement

between Berlin and Paris, for which I have worked so hard. That is why I used all the tenacity I had to reach an agreement.

I did not approve Mr. Snowden's position from its international aspect, and, of course, its national political aspect is none of my business. The British members of the Young committee had accepted the experts' scheme after many consultations with their government, and we fully expected the new British Government would accept the arrangement of the British share of reparations proposed by their own experts to prevent a break with the Germans at Paris.

But undoubtedly Mr. Snowden was sincere in seeing a chance to obtain advantages for his country by protesting against what he regarded as an injustice. Whether he is right or wrong, no one can deny he put up a hard fight and largely a successful one from the material side. I hope none of the feelings engendered here will last beyond our adjournment, and certainly France is willing to regard it all as a closed incident.

Italy and the Hague Agreement

by FREDERICK HOLLOWELL

Special Cable from Rome to the N. Y. Herald Tribune of September 1

THE so-called "happy ending," to the Hague Conference is so described in Italy only as a manner of speaking and has not aroused that feeling of satisfaction which might have been expected. Naturally there is a certain satisfaction—from a psychological standpoint—and whatever satisfaction there is, judging from the first reactions here, may be summed up in the good old American expression, "Do tell!"

There are reasons. First of all, what interests Italy more than simply reaching an accord as regards a few million marks more or less is what the outcome of the Hague Conference portends for the future of European politics. There seem to be so many possibilities of a change of line-up in Europe that it is too early to comprehend them all in their true perspective.

British Seen Isolated

One of the biggest possible results, according to Italian observers, is that England, either wilfully or unwittingly, has succeeded at The Hague in re-establishing a policy of isolation—without the adjective "splendid"—from the European Continent. During the four weeks of haggling over the international bargain counter in the Dutch capital Snowden has managed to arouse more anti-British feeling in this country than has been exhibited in this century.

Toward the end of the conference there was never a day without some Italian newspaper calling the Laborite Chancellor of the Exchequer "Shylock" and other similarly opprobrious epithets. At first there was a tendency

to restrict these acrimonious expressions toward Snowden personally and to draw a distinction between him and the nation he happened to represent. But when the entire British press, including the strongest Conservative papers, continued heartily to support his policies, that distinction was soon wiped out.

Generally, Italians like a good hot quarrel while reaching a bargain, and once the price is agreed upon there is nobody more capable of making friends again and letting by-gones be by-gones. But there are certain recognized rules of chivalry in bargaining stages, the violation of which is likely to jeopardize a continued friendship. Such so far, seems to be the case as regards Europe.

Aids Franco-Italian Friendship

Italians feel that Snowden went out of his way to wound the feelings of other powers, all of which theoretically met on the same footing of equality. The fact that Snowden at the last minute finally agreed to accept 75 per cent of his original irreducible minimum has little to do with the feeling that his intransigence was not so much upon the financial as upon the political policy he intended to follow from the outset.

Still, it is an ill wind that blows nobody good. If the Hague Conference has served to alienate England from Continental Europe, it seems equally to have served as a spur toward a friendship between France and Italy. That, at first blush, seems to be one of the biggest constructive results of the conference.

Should an International Bank be Established?

Pro

COMMITTEE OF EXPERTS ON YOUNG PLAN

IT remains, however, to point out certain advantages which the bank offers as against the existing reparation procedure, and which advantages accrue both to Germany and to the creditor countries, because the bank, in putting the payments on a business basis, makes their receipt the more certain and facilitates their movement.

The new facilities introduced by the bank are in addition to the provisions given elsewhere in the plan whereby Germany is entitled to declare a postponement of transfer. They are rather in the nature of forestalling circumstances which might of themselves lead to a transfer postponement.

These measures of prevention are of two general sorts: First, the bank may employ its power of giving credit to arrange temporary assistance in transferring the annuities.

Second, the bank will be in a position, in agreement with the Reichsbank, to invest in Germany reichsmarks currently accruing to its account at the Reichsbank. This measure, to the extent to which it may be utilized, will return to the German economy a portion of the annuity and, through the bank's credit mechanism, provide the foreign exchange with which to pay the current allotments to the creditors on account of the annuity.

The application of either or both of these measures is prompt and decisive, and they operate in advance of the time when difficulties present themselves rather than afterwards, and serve to ease any strain until such time as the discount rate and other corrective measures have had opportunity to exert themselves.

It is not to be assumed that these two measures should be reserved for emergency use. The use of the bank's credit by central banks within moderate limits and over short periods may, in time, become a normal function scarcely different in its exercise from the use of central-bank credit by banks and bankers. All central banks, for ordinary exchanges operations or for other purposes, would frequently find it advantageous to make use of the facility. The second measure, that of investing within Germany some portion of the annuity receipts, should also find its uses in normal times. Both measures are necessarily limited by the funds which the bank will have at its disposal and by the requirement that it maintain its liquidity at all times.

These are instances of the bank's utility to Germany. They also illustrate the flexibility which the bank's facilities give to the handling of the disbursements to the creditors. Further instances of joint benefit may be briefly indicated.

The bank will be able to give short-term and intermediate credit to purchasers of deliveries in kind, notably for the construction of public works on delivery-in-kind

Continued on next page

Con

HON. LEWIS T. MCFADDEN

U. S. Representative, Pa., R.

Chairman, House Committee on Banking and Currency

IT is now apparent that instead of considering at first what it was asked to consider—Germany's capacity to pay—the Committee of Experts on Reparations wondered whether it would not be well to have some new machinery through which Germany could pay, if and when the amount to be paid had been decided. The international bank was "an intellectual funk hole," to employ the words of this well-informed English economist, for the committee did not want to face immediately the high explosives sure to go off when the real problem was attacked.

If the conditions under which the egg was laid are subject to either criticism or suspicion, its contents, when subjected to dispassionate examination, are even more so. The proposed bank is obviously a machine to be created to replace one that is regarded as working efficiently under the Dawes Plan. This is the transfer committee of S. Parker Gilbert, an American recognized as a reparations expert of exceptional ability and foresight, and his associates. The committee has done, and can do, its job perfectly well as long as Germany, by exports or by borrowing, can provide the foreign exchange necessary for the payment of the reparations annuities. If Germany cannot do this as the reparations settlement provides, no establishment of a new machine will enable the annuities to be transferred. The committee, in the judgment of Mr. Withers and other equally competent foreign observers has, in fact, wasted its time too long on thinking out a new machine, when the machine already existing was quite efficient.

As has been frequently suggested, what is wanted is raw material on one side and customers on the other. If Germany can pay what the Allies have now agreed to accept, all other difficulties will be solved without the creation of any new bank. For, as it happens, the machinery of international finance is as adequate as almost anything that exists in this world of error—perhaps because it is less than any other human institution liable to official and political interference. If the German annuities have been fixed at a figure which makes them a sound basis for commercialization by issue of bonds to the public, there are plenty of issuing houses on both sides of the Atlantic to handle the business without the assistance of a new bank in Portugal or Jugo-Slavia, or whichever of the "smaller countries" may be selected for the scene of its beneficent operations. The whole plan is an interesting example of building a new cart when there is a perfectly good one handy, before the horse has been provided. Given a sound reparation settlement, it should be possible to carry it out. Without it no new bank will help either Germany or her creditors.

It is interesting to note in this connection the inquiry made by Mr. Withers, and others, as to how much con-

Continued on next page

Pro

COMMITTEE OF EXPERTS ON YOUNG PLAN—Continued

account. Intermediate credit operations need not be restricted, however, to any one country or to the purchase of any one country's goods. On the contrary, it would be desirable to broaden such operations in the interest of world trade to the extent that the directors of the bank approve.

As a stabilizing factor in the foreign exchanges its advantages are obvious, and if, in due time, the arrangements provided for an international settlement fund are put into effective operation, the bank should go far to eliminate the costs and risks now incurred in the shipping and re-shipping of gold.

The bank excludes from its procedure all political influences, and business principles and practice intervene to facilitate the settlement of Germany's obligations without in any way qualifying her independent and sole responsibility.

The office for reparation payments and its associated organizations in Berlin will be retired and the Reparation Commission's relations with Germany will be terminated. Germany will assume the responsibility for raising and transferring the annuities, and the bank takes over the work of their receipt and disbursement.

As already stated, the bank is so designed as not to interfere with the functions performed by existing institutions, but it is to create for itself supplementary functions in a special field of its own. To this end every care should be exercised in the organization and administration of the institution.

In the natural course of development it is to be expected that the bank will, in time, become an organization, not simply, or even predominantly, concerned with the handling of reparations, but also with furnishing to the world of international commerce and finance important facilities hitherto lacking. Especially it is to be hoped that it will become an increasingly close and valuable link in the cooperation of central banking institutions generally—a cooperation essential to the continuing stability of the world's credit structure.

Con

HON. LEWIS T. MCFADDEN—Continued

fidence American bankers and business men would have in a bank domiciled in some remote European corner and conducted largely by Europeans most likely to be rather favorable to the oft-suggested ultimate cancellation of Europe's indebtedness to the United States.

"Americans know as well as anyone that banking needs promptitude and adaptability. Are they likely to be found in an international bank or in any international institution?" Mr. Withers asks. "Would not the proceedings of an international bank be a series of international conferences, and does not the example of the body that hatched it show that whatever else the international bank might do, it never could possibly do the business of banking?"

In this connection, it may be pertinent to recall the statement made by Mr. Stimson before the latest reparations settlement was finally effected after months of negotiation.

"I wish to make clear the position of this Government," said Mr. Stimson. "While we look with interest and sympathy upon the effect of the Committee of Experts to suggest a solution and a settlement of the vexing question of German reparations, this Government does not desire to have any American official, directly or indirectly, participate in the collection of German reparations through the agency of the bank or otherwise."

That this will appeal strongly to the American people as an enunciation of American policy for which there was a very urgent call is obvious. As pointed out recently by one New York financial authority, all reports agree in saying that the proposed international bank would apparently be endowed with the most extraordinary powers and functions if those privately interested in it should succeed in effecting its organization. The Secretary of State, after due conference with President Hoover and Secretary of the Treasury Mellon, rendered the American people a genuine service in making it known that the Gov-

(Continued on page 224)

The U. S. and the International Bank

by HON. HENRY L. STIMSON
U. S. Secretary of State

(Press Statement, May 16, 1929)



N respect to the statements which have appeared in the press in regard to the participation of any Federal Reserve officials in the creation of management of the new proposed International Bank, I wish to make clear the position of this Government:

While we look with interest and sympathy upon the efforts being made by the Committee of Experts to suggest a solution and a settlement of the vexing question of German reparations, this Government does not desire to have any American official, directly or indirectly, participate in the collection of Germany reparations through the agency of this bank or otherwise.

Ever since the close of the war the American Government has consistently taken this position; it has never accepted membership on the Reparations Commission; it declined to join the Allied Powers in the confiscation of

the sequestered German property and the application of that property to its war claims. The comparatively small sums which it receives under the Dawes Plan are applied solely to the settlement of the claims judicially ascertained by the Mixed Claims Commission, (United States-Germany) in fulfillment of an agreement with Germany, and to the repayment of the expenses of the American Army of Occupation in Coblenz, which remained in such occupation on the request of both the Allied nations and Germany.

It does not now wish to take any step which would indicate a reversal of that attitude and for that reason it will not permit any officials of the Federal Reserve system either to themselves serve or to select American representatives as members of the proposed International Bank.

Glossary of Reparation Terms

Advisory Committee: A committee, consisting of the governors of the six central banks and of a Federal Reserve Bank of the United States or some other agreed American financial institution, who may elect four additional members, which shall act in a purely consultative capacity, to be convened by the Bank for International Settlements upon declaration of any postponement, for the purpose of investigating Germany's position in regard to her obligations under the plan and to make recommendations to the Governments concerned and the Bank for International Settlements what measures should be taken.

Annuity: The amount to be paid annually by Germany.

Annuity Trust Account: An account maintained with the Bank for International Settlements to which shall be credited all payments received from Germany applicable to the annuities proposed under the plan.

Annuity Year: Annual periods from April 1 to March 31, corresponding to the German fiscal year (the first "Young plan annuity year" comprises only the seven months, September 1, 1929-March 31, 1930).

Bank of International Settlements: A bank proposed by the Committee of Experts for the purpose of performing the functions of existing agencies and to perform the whole work of external administration of receipt and distribution of reparation payments, other functions incident thereto, and the commercialization of those parts of the annuities which are susceptible of being commercialized.

Commercialization and Mobilization of Funds: According to the Experts Plan, a part of the German annuities may be represented by bonds which can be sold so that the creditor nations may receive funds or cash without waiting to receive the annuities.

Dawes Plan: The procedure or system worked out by the Committee of Experts of 1924 under which Germany has been making payments to her creditor nations. The plan took its name from the chairman of the Committee of Experts, General Charles G. Dawes.

Debenture: A form of bond bearing interest, representing a liability or debt.

Exchange: Refers to the conversion of the currency of one country into the currency of another.

Experts Plan: The report finally agreed to June 7, 1929 by the Committee of Experts appointed to draw up proposals for a complete and final settlement of the reparation problem, in accordance with the decision reached by Belgium, France, Great Britain, Italy, Japan and Germany at Geneva, September 16, 1928.

Foreign Control: Under the Dawes Plan, the Reparation Commission representing foreign governments has maintained certain forms of control over German central banking and currency and the collection of revenues and payments for reparations.

Gold Marks: Value representing or exchangeable for

gold at the mint parity of 1/2790 kilograms of fine gold per mark as defined in the German coinage Law of August 30, 1924.

Gold Reserves: Gold held by a bank as a reserve against deposits with the bank and against note issues, if any.

Industrial Debentures: In accordance with the Dawes Plan, compulsory obligations in the form of debentures were placed upon various German industries as a means of raising revenue and guaranteeing payment of reparations.

Mark: The unit of currency in Germany prior to the financial reorganization in 1924 which established the Reichsmark having the same par value in terms of gold (equivalent to \$0.2382).

Postponable Annuity: That part of the annuity, the transfer of which may under certain conditions be postponed for a period not to exceed two years. The amount is to be paid in Reichsmarks by the German Government to the Reichsbank for credit to the account of the Bank for International Settlements. When postponement of transfer is in effect, the German Government, one year after such postponement has become effective, may also postpone for one year, payment of fifty per cent (percentage may be increased upon recommendation of Advisory Committee) of any sum the transfer of which is then susceptible of postponement.

Priorities: In meeting obligations, certain forms of debt or obligations must be paid before others, whenever funds are not sufficient to satisfy all claims.

Reich: A term used to designate Germany as a whole, especially applied to the central government in contrast to the various states or political divisions of Germany.

Reichsmark: The present unit of currency in Germany convertible or exchangeable at par for a gold mark.

Reparation: A term used to express obligations of Germany to other countries, for damages arising from the World War, payment of which is required by the Treaty of Versailles.

Stabilization: Stability of world's credit structure means the maintenance of different currencies at the same relative value in terms of gold.

Standard Annuity: Under the Dawes plan, the annuities graduated from 1000 million gold marks beginning the first year up 2500 million gold marks during the fifth year, the latter being referred to as the "Standard Annuity."

Transfer: Payment in foreign currency.

Unconditional Annuity: That part of the annuity payable without any right of postponement of any kind in foreign currencies.

Young Plan: This title for the report of the Experts is often used interchangeably with "the Experts plan." Owen D. Young was chairman of the Committee of Experts.

The 71st Congress

Duration of the 70th Congress, March 4, 1929-March 4, 1931

First, or "Special" Session, Convened April 15, 1929.

Second, or "Long" Session, Begins December 2, 1929.

In the Senate

Membership

Total—96

55 Republicans 39 Democrats

1 Farmer-Labor

1 Vacancy

Presiding Officer

President: Charles Curtis, R.

Vice-President of the United States

Floor Leaders

Majority Leader

James E. Watson, Ind., R.

Minority Leader

Joseph T. Robinson, Ark., D.

In the House

Membership

Total—435

267 Republicans 163 Democrats

1 Farmer-Labor

4 Vacancies

Presiding Officer

Speaker: Nicholas Longworth, R.

Member of the House from Ohio

Floor Leaders

Majority Leader

John Q. Tilson, Conn., R.

Minority Leader

John N. Garner, Tex., D.



The Coming Month in Congress

by Norborne T. N. Robinson

With the passage of the farm relief tariff and census bills by both Houses of Congress by the middle of last June, the work of the House, as outlined by its leaders for the extra session, ended until such a time as the Senate Committee on Finance could complete its work of amending the tariff bill, as passed by the House.

Accordingly, on June 19, by agreement of both Houses, the Senate adjourned until August 19 and the House adjourned until September 23. The Senate met on August 19 and received a partial report from the Committee on Finance on the Tariff Bill and recessed for several days to await a full report, which was made on September 3.

The remainder of the month will be taken up by the Senate in discussing the tariff bill and it appears doubt-

ful if the bill will have been passed by the Senate on September 23 when the House reconvenes.

Predictions as to how long it will take to bring a final vote on the tariff bill in both Houses do not indicate that there is much optimism on the part of the party leaders toward prompt action. In fact the general opinion appears to be that the extra session will run into the regular "long session" which is due to begin on December 2. If that occurs the status of the tariff bill will not be changed since the "long session" will be the Second Session of the Seventy-first Congress.

In the meantime, majority leaders in both Houses will try to confine the work of Congress to the tariff bill and a few minor measures until the "long session" begins.

Action Taken by Congress

A Daily Summary of the Proceedings of the House and Senate

May 27, 1929 to June 19, 1929

Note—This department contains a record of action on the floor of the House and the Senate. By following it from month to month the reader obtains a compact but complete review of the work actually done by Congress throughout the session. The principal abbreviations used are the following: H. R. means House bill; H. Res. means House Resolution; H. J. Res. means House Joint Resolution; H. Con. Res. means House Concurrent Resolution; S. means Senate Bill; S. Res., Senate Resolution; S. J. Res., Senate Joint Resolution, and S. Con. Res., Senate Concurrent Resolution. If reference is made to the consideration or action by the Senate of a House bill or resolution, it means that the House has passed it and sent it to the Senate, and vice versa.

Monday, May 27, 1929

Senate:

Resumed consideration of S. 312, the decennial census and reapportionment bill.

Messrs. Reed, Pa., R., McKellar, Tenn., D., Tyson, Tenn., D., Barkley, Ky., D., Capper, Kans., R., Walsh, Mass., D., and others spoke on the bill.

Executive session.

Recessed.

House:

Administered the oath of office to Mr. C. D. Sullivan, elected a Representative from the State of New York.

On motion of Representative Lee, Tex., D., sent a telegram to R. L. Robbins and James Kelly, congratulating them for their courage, endurance and contribution to aviation in establishing a new aeroplane endurance record of 172 hours, 32 minutes, and 1 second.

Resumed consideration of and agreed to several amendments on H. R. 2667, the tariff bill.

Representatives Garner, Tex., D., La Guardia, N. Y., R., Garber, Okla., R., Steagall, Ala., D., Black, N. Y., D., Lozier, Mo., D., Crowther, N. Y., R., Henry T. Rainey, Ill., R., and others spoke on the bill.

Adjourned.

Tuesday, May 28, 1929

Senate:

Resumed consideration of and adopted several amendments on S. 312, the decennial census and reapportionment bill.

Messrs. Heflin, Ala., D., Vandenberg, Mich., R., Harrison, Miss., D., Black, Ala., D., King, Utah, R., and others spoke on the bill.

Executive session.

Adjourned.

House:

Resumed consideration of and agreed to several amendments on H. R. 2667, the tariff bill.

Representatives Wingo, Ark., D., Crowther, N. Y., R., Celler, N. Y., D., and others spoke on the bill.

Passed by a vote of 264 to 147 (not voting, 2) H. R. 2667, the tariff bill, after defeating by a vote of 257 to 157 a motion to recommit the bill.

Adjourned.

Wednesday, May 29, 1929

Senate:

Resumed consideration of and passed by a vote of 57 to 26, S. 312, providing for the fifteenth and subsequent decennial censuses and to provide for the reapportionment of Representatives in Congress.

Messrs. Pittman, Nev., D., Frazier, N. Dak., R., Blease, S. C., D., Heflin, Ala., D., and others spoke on the bill.

Began consideration of S. 108, to suppress unfair and fraudulent practices in the marketing of perishable agricultural commodities in interstate and foreign commerce.

Messrs. Borah, Idaho, R., McKellar, Tenn., D., and others spoke on the bill.

Executive session.

Adjourned until Friday, May 31, 1929.

House:

Passed S. J. Res. 34, authorizing the Smithsonian Institution to convey suitable acknowledgment to John Gellatly for his offer to the Nation of his art collection.

Passed H. R. 1648, allowing the Secretary of the Treasury to issue short-term certificates below par.

Adjourned until Friday, May 31, 1929.

Friday, May 31, 1929

Senate:

Resumed consideration of S. 108, to suppress unfair and fraudulent practices in the marketing of perishable agricultural commodities in interstate and foreign commerce.

Messrs. King, Utah, D., Borah, Idaho, R., McKellar, Tenn., D., Fletcher, Fla., D., and others spoke on the bill.

Executive session.

Recessed until Monday, June 3, 1929.

House:

Passed H. J. Res. 82 making appropriations for additional compensation for transportation of the mail by railroad route in accordance with the increased rates fixed by the Interstate Commerce Commission.

Representative Cannon, Mo., D., spoke on the Farm Relief.

Adjourned until Monday, June 3, 1929.

Monday, June 3, 1929

Senate:

Resumed consideration of and passed S. 108, to suppress unfair and fraudulent practices in the marketing of perishable agricultural commodities in interstate and foreign commerce.

Messrs. Walsh, Mont., D., Borah, Idaho, R., Overman, N. C., D., Copeland, N. Y., D., and others spoke on the bill.

Debated S. Res. 37, that the Committee on Immigration be discharged from further consideration of S. 151, to repeal the national-origins provisions of the immigration act of 1924.

Mr. Nye, N. D., R., and others spoke on the bill.

Executive session.

Adjourned.

House:

Representative La Guardia, N. Y., R., spoke on Canadian cooperation with the United States in prohibition enforcement.

Agreed to H. Res. 49, for the consideration of S. 312 the census and reapportionment bill.

Representatives Fenn, Conn., R., Rankin, Miss., D., Lea, Calif., D., Tinkham, Mass., R., Clancy, Mich., R., Lozier, Mo., D., Thurston, Iowa, R., McLeod, Mich., R., and others spoke on the bill.

Adjourned.

Tuesday, June 4, 1929

Senate:

Passed several bills on the calendar.

Passed H. J. Res. 82, making appropriation for additional compensation for transportation of the mail by railroad routes in accordance with increased rates fixed by the Interstate Commerce Commission.

Passed S. 1142, to continue, during the fiscal year of 1930, Federal aid in rehabilitating farm lands in the areas devastated by floods in 1927.

Agreed to S. Res. 58, to investigate activities of real estate and finance corporations in the District of Columbia.

Resumed consideration of H. R. 1648, to authorize the issuance of short-term Treasury notes.

Messrs. Glass, Va., D., Couzens, Mich., R., Edge, N. J., R., Copeland, N. Y., D., and others spoke on the bill.

Recessed.

House:

Resumed consideration of S. 312, the census and reapportionment bill.

Representatives Johnson, Wash., R., Lozier, Mo., D., Hoch, Kans., R., and others spoke on the bill.

Agreed to several amendment on the Census and Reapportionment bill S. 312.

Adjourned.

Wednesday, June 5, 1929

Senate:

Passed H. R. 3093, to amend certain sections of the "trading with the enemy act."

Resumed consideration of S. Res. 37, that the Committee on Immigration be discharged from further consideration of S. 151, to repeal the national-origins clause of the Immigration act of 1924.

Messrs. Nye, N. D., R., Tydings, Md., D., and others spoke on the bill.

Debated S. J. Res. 3, proposing an amendment to the Constitution of the United States fixing the commencement of the terms of President, Vice President, and Members of Congress and fixing the time of the assembling of Congress.

Messrs. Tydings, Md., D., Swanson, Va., D., Blease, S. C., D., Burton, Ohio, R., and others spoke on the resolution.

Recessed.

House:

Disagreed to Senate amendments on H. R. 1648, empowering the Treasury to issue short-term notes, and sent the bill to conference.

Representatives Hawley, Ore., R., Treadway, Mass., R., Bacharach, N. J., R., Garner, Tex., D., and Collier, Miss., D., were appointed conferees on the bill.

Adjourned.

Thursday, June 6, 1929

Senate:

Agreed to conference report on H. R. 1648, empowering the Treasury to issue short-term notes.

Resumed consideration of S. Res. 37, that the Committee on Immigration be discharged from the further consideration of S. 151, to repeal the national-origins clause of the immigration act of 1924.

Messrs. Reed, Pa., R., Wagner, N. Y., D., Steiwer, Ore., R., Glenn, Ill., R., and others spoke on the bill.

Recessed.

House:

Agreed to conference report on H. R. 1648, empowering the Treasury to issue short-term notes.

Resumed consideration of and passed by a vote of 271 to 104 (not voting, 51), S. 312, providing for the fifteenth and subsequent decennial censuses and providing for the reapportionment of Representatives in Congress.

Representatives French, Idaho, R., Reed, N. Y., R., Cannon, Mo., D., and others spoke on the bill.

Adjourned.

Friday, June 7, 1929

Senate:

Resumed consideration of S. J. Res. 3, proposing an amendment to the Constitution of the United States, fixing the commencement of the terms of President and Vice President and members of Congress, and the time of the assembling of Congress.

Messrs. Bingham, Conn., R., Norris, Nebr., R., and others spoke on the bill.

Messrs. Jones, Wash., R., Johnson, Calif., R., Vandenburg, Mich., R., Fletcher, Fla., D., and Sheppard, Tex., D., were appointed conferees on S. 312, the census and reapportionment bill.

Resumed consideration of S. Res. 37, to discharge the Committee on Immigration from further consideration of S. 151, to repeal the national-origins clause of the Immigration Act of 1924.

Took up for consideration, the conference report on H. R. 1, the farm relief bill.

Executive session.

Recessed.

House:

Agreed to conference report on H. R. 1, the farm relief bill.

Passed H. J. Res. 97, appropriating \$3,000,000 for a municipal center in Washington, D. C.

Passed H. R. 3663, appropriating \$1,376,000 for the payment of certain judgments rendered against the government by certain United States Courts.

Passed H. J. Res. 86, appropriating \$34,000 for the International Red Cross and Prisoners of War Conference at Geneva, Switzerland, in 1929.

Adjourned.

Friday, June 8, 1929

Senate:

Debated conference report on H. R. 1, the farm relief bill.

Messrs. McNary, Ore., R., Norris, Nebr., R., Fletcher, Fla., D., Smith, S. C., D., and others spoke on the bill.

Passed H. J. Res. 86, appropriating \$34,000 for the International Red Cross and prisoners of war conference at Geneva, Switzerland, in 1929.

Passed H. R. 3663, appropriating \$1,376,000 for the payment of certain judgments rendered against the government by certain United States Courts.

Passed several private bills.

Executive session.

Recessed.

House:

Representative Evans, Mont., D., and others spoke on the wheat problem and the present price of wheat.

Received the conference on S. 312, the census and reapportionment bill.

Continued discussion of the wheat problem.

Adjourned.

Monday, June 10, 1929

Senate:

Mr. Smoot, Utah, R., spoke on extending the Food and Drugs Act to tobacco and tobacco products.

Passed S. J. Res. 73, amending the act entitled "An act to incorporate the American Hospital of Paris."

Debated conference report on H. R. 1, the farm relief bill.

Messrs. Borah, Idaho, R., Allen, Kans., R., and others spoke on the bill.

Recessed.

House:

Representative Beck, Pa., R., spoke on the exclusion of aliens in the census.

Resumed debate on the conference report on S. 312, the census and reapportionment bill.

Representatives Chindblom, Ill., R., Lozier, Mo., D., Gregory, Ky., D., Clark, Md., R., and others spoke on the bill.

Agreed, by a vote of 160 to 136 (not voting, 132), to send the bill back to conference with instruction that the date of taking the census be changed.

Representative Schafer, Wis., R., spoke on prohibition enforcement.

Representative Cannon, Mo., D., spoke on H. R. 1, the farm relief bill.

Adjourned.

Tuesday, June 11, 1929

Senate:

Mr. King, Utah, D., and others spoke on oil-land leases.

Rejected, by a vote of 46 to 43 (not voting, 6) the conference report on H. R. 1, the farm relief bill.

Messrs. Johnson, Calif., R., Walsh, Mass., D., Copeland, N. Y., D., Allen, Kans., R., Caraway, Ark., D., Brookhart, Iowa, R., and others spoke on the conference report.

Discussed S. Res. 37, to discharge the immigration committee from further consideration of S. 151, to repeal the national-origins clause of the immigration act of 1924.

Executive session.

Recessed.

House:

Agreed to conference report on S. 312, the census and reapportionment bill.

Passed H. R. 3317, appropriating \$34,000, for the Milk River Project in Montana.

Passed H. J. Res. 102, appropriating \$35,000 for expenses of participation by the United States in the meeting of the International Technical Consulting Committee on Radio Communication to be held at the Hague in September, 1929.

Began consideration of H. J. Res. 100, making appropriation for the acquisition of lands for airports for the National Capital and the District of Columbia.

Adjourned.

Wednesday, June 12, 1929

Senate:

Passed H. J. Res. 97, appropriating \$3,000,000 for the establishment of a municipal center in the District of Columbia.

Mr. Brookhart, Iowa, R., spoke on the conference report on H. R. 1, the farm relief bill.

Mr. Jones, Wash., R., spoke on the business of the extra session of Congress.

Messrs. Shortridge, Cal., R., Pittman, Nev., R., and others discussed the tariff revision with regard to the summer recess.

Mr. Dill, Wash., D., spoke on the Supreme Court decision in the O'Fallon Railroad case.

Mr. Frazier, N. D., R., spoke on World Peace.
Mr. Hawes, Mo., D., spoke on Flood Control.
Recessed.

House:

Representative Temple, Pa., R., and others discussed laws of European Countries respecting goods which have received export bounty from the exporting country.
Adjourned.

Thursday, June 13, 1929**Senate:**

Passed H. R. 3317, appropriating \$34,000 for the Milk River Irrigation Project.

Debated and Agreed, by a vote of 48 to 37 (not voting, 10) to the conference report on S. 312, the census and reapportionment bill.

Messrs. King, Utah, D., Wagner, N. Y., D., Dill, Wash., D., Caraway, Ark., D., Walsh, Mont., D., and others spoke on the conference report.

Rejected by a vote of 43 to 37 (not voting, 15), S. Res. 37, to discharge the Committee on Immigration from further consideration of S. 151, to repeal the national-origins clause of the Immigration Act of 1924.

Messrs. Walsh, Mass., D., Allen, Kans., R., Heflin, Ala., D., Copeland, N. Y., D., Steck, Iowa, D., and others spoke on the Resolution.

Considered S. Res. 19, relating to proceedings on nominations in executive sessions of the Senate.

Executive session.

Adjourned.

House:

Debated and passed, by a vote of 250 to 113 (not voting, 65), a motion to instruct the conferees to disagree with the Senate debenture measure to H. R. 1, the farm relief bill.

Adjourned.

Friday, June 14, 1929**Senate:**

Resumed consideration of and agreed to committee report on H. R. 1, the farm relief bill.

Messrs. Robinson, Ark., D., McKellar, Tenn., D., Harrison, Miss., D., Norbeck, S. D., R., Howell, Nebr., R., Dill, Wash., D., Fess, Ohio, R., and others spoke on the report.

Resumed consideration of S. Res. 19, relating to proceedings on nominations in executive sessions of the Senate.

Executive session.

Adjourned until Monday, June 17, 1929.

House:

Agreed to conference report on H. R. 1, the farm relief bill, eliminating the export debenture plan.

Representative Box, Tex., D., discussed the Democratic party Representative Howard, Nebr., D., discussed present freight organizations, criticizing its chairman, John J. Raskob.

Representative Hastings, Okla., D., discussed the debt settlement problem.

Representative Fish, N. Y., D., spoke on the Great Lakes to the Atlantic waterway project, as beneficial to agriculture.

Adjourned until Monday, June 17, 1929.

Monday, June 17, 1929**Senate:**

Passed H. J. Res. 102, making an appropriation for expenses of participation by the United States in the meeting of the International Technical Consulting Committee on Radio Communications to be held at The Hague, in September, 1929.

Passed S. J. Res. 61, authorizing the President to invite the States of the Union and foreign countries to participate in the International Petroleum Exposition at Tulsa, Okla., October 5, 1929.

Debated and rejected by a vote of 39 to 38, S. Res. 91, instructing the Committee on Finance to limit its hearings on H. R. 2667, the tariff bill, to the agricultural and directly related schedules.

Messrs. Borah, Idaho, R., Bingham, Conn., R., Norris, Nebr., R., Walsh, Mont., D., and others spoke on the Resolution.

Agreed, by a vote of 57 to 23 (not voting, 15), to S. Con. Res. 19, that the Senate adjourn from June 19, 1929, to August 19, 1929, for the summer recess.

Open executive session.

Recessed.

House:

Agreed to H. J. Res. 109, authorizing the President to invite the States of the Union and foreign countries to participate in the International Petroleum Exposition at Tulsa, Okla., October 5, 1929.

Passed H. R. 4016, appropriating \$151,500,000 for a revolving fund and administrative expenses of the Federal Farm Board.

Passed H. R. 3966, adjusting compensation of officers and employees of Congress, with a total increase of approximately \$878,000 annually.

Debated prohibition enforcement.

Adjourned.

Tuesday, June 18, 1929**Senate:**

Mr. Brookhart, Iowa, R., spoke on Farm Relief and the Tariff. Debated and passed S. Res. 19, relating to proceedings on nominations in executive session.

Messrs. Robinson, Ark., D., Smith, S. C., D., Connally, Tex., D., and others spoke on the resolution.

Agreed to House amendment on S. Con. Res. 16, that the Senate adjourn for the summer recess from June 19, 1929, to August 19, 1929, and the House of Representatives, from June 19, 1929, to September 23, 1929.

Discussed and passed H. R. 3966, to fix the compensation of officers and employees of the legislative branch of the Government.

Recessed.

House:

Majority Leader Tilson's request for unanimous consent to consider H. J. Res. 80, to postpone the maturity date of the \$400,000,000 French obligation to the United States was rejected.

Representative Denison, Ill., R., and others discussed the present freight rates with regard to agricultural commodities.

Agreed to, as amended, S. Con. Res. 16, that the Senate adjourn for the summer recess from June 19, 1929, to August 19, 1929, and the House of Representatives adjourn from June 19, 1929, to September 23, 1929.

Adjourned.

Wednesday, June 19, 1929**Senate:**

Agreed to H. J. Res. 102, making an appropriation of \$27,500 for expenses of participation by the United States in the meeting of the International Technical Consulting Committee on Radio Communication to be held at The Hague in September, 1929.

Debated S. J. Res. 53, to create a joint congressional committee relating to the reorganization and concentration of the agencies connected with prohibition enforcement.

Messrs. Copeland, N. Y., D., Robinson, Ark., D., Hawes, Mo., D., Nye, N. D., R., and others spoke on the resolution.

Passed H. J. Res. 80, authorizing the postponement of the date of maturity of the principal of the indebtedness of the French Republic to the United States in respect of the purchase of surplus war supplies.

Executive session.

Adjourned until Monday, August 19, 1929.

House:

Mr. John W. Moore, elected a member of the House of Representatives from Kentucky was given the oath of office.

Passed H. J. Res. 102, making an appropriation of \$27,500 for expenses of participation by the United States in the meeting of the International Technical Consulting Committee on Radio Communication to be held at The Hague in September, 1929.

Agreed to H. Res. 54, that upon conclusion of the recess of the House until September 23, the House shall meet on Mondays and Thursdays, without transacting business, until October 14, unless earlier summoned by Speaker Longworth.

Passed S. 1537, making it a felony with penalty for certain aliens to enter the United States under certain circumstances.

Debated and passed by a vote of 129 to 86 (not voting, 214), H. J. Res. 80, authorizing the postponement of the date of maturity of the principal of the indebtedness of the French Republic to the United States in respect of the purchase of surplus war supplies.

Many spoke on the services and accomplishment of Representative Walter H. Newton, Minn., R., who would retire from the House of Representatives on June 30, 1929, after more than 10 years of faithful service.

Adjourned until September 23, 1929.

EXECUTIVE DEPARTMENT

The White House Calendar

May 22 to August 20

Addresses

May 30—Address of President Hoover at the Memorial Exercises at Arlington National Cemetery.

July 24—Address of President Hoover on the occasion of the proclamation of the General Pact for the Renunciation of War at the White House.

Executive Orders

May 23—An executive order amending the Civil Service Rules, Schedule A, Subdivision I, Paragraph 6, by striking out \$480 and inserting \$540 in lieu thereof.

May 23—An executive order reserving certain lands in Alaska for use in connection with the construction and operation of certain railroad lines.

May 29—An executive order extending the port limits of New Orleans, La., the headquarters of Customs Collection District No. 20 (New Orleans) to include certain portions of Plaquemines Parish, La.

June 17—An executive order creating Carbury, N. D., a port of entry in Customs Collection District No. 34, with headquarters at Pembina, N. D.

June 20—An executive order reserving certain lands in Nevada for a game refuge.

June 21—An executive order restricting for the time being the transportation of passengers from certain ports in the Orient to the United States.

July 3—An executive order extending for a period of 10 years allotments made to the Indians of the Omaha Reservation in Nebraska.

July 24—An executive order providing that executive order of July 9, 1923, reserving certain lands in Wyoming for use of the United States Post Office Department as a landing field in connection with the operation and maintenance of the Transcontinental Air Mail Service, be revoked.

August 7—An executive order abolishing Souris, N. D., as a port of entry in Customs Collection District No. 34.

August 9—An executive order extending for a period

of 10 years the allotments to the Yankton Indian Reservation, S. Dak.

Proclamations

June 10—A proclamation of the Treaty of Arbitration with Norway.

June 19—A proclamation of the Treaty of Extradition with Poland.

June 25—Proclamations of the Treaties of Conciliation and Arbitration with the Serbs, Croats and Slovenes.

June 25—A proclamation declaring the Boulder Canyon Project approved December 21, 1928, effective.

June 25—A proclamation increasing the rate of duty on Linseed Oil.

June 26—A proclamation for the commemoration of the 150th Anniversary of the Death of General Casimir Pulaski by displaying the American Flag on all public buildings and by other exercises.

July 18—A proclamation declaring it unlawful to export arms or munitions of war to Mexico except under such conditions as the President might prescribe.

July 23—Proclamations of the Treaties of Arbitration and Conciliation with Bulgaria.

July 23—Proclamations of the Treaties of Arbitration and Conciliation with Rumania.

July 24—A proclamation of the Renunciation of War Treaty.

July 26—Proclamations of the Treaties of Arbitration and Conciliation with Hungary.

July 21—A proclamation transferring lands from the Uinta to the Wasatch National Forest.

August 9—A Proclamation of the Treaties of Arbitration and Conciliation with Ethiopia.

Important Civilian Appointments

May 22—Dwight F. Davis, of Missouri, to be Governor General of the Philippine Islands.

May 22—Roland K. Smith, of Louisiana, to be a mem-

ber of the U. S. Shipping Board for a term of six years from June 9, 1929.

May 22—William P. George, of Alabama; Eugene M. Hinkle, of New York, and Stanley Woodward, of Pennsylvania, to be Secretaries in the Diplomatic Service of the U. S. A.

May 27—Joseph P. Cotton, of New York, to be Under-secretary of State.

May 27—Charles P. Sisson, of Rhode Island, to be Assistant Attorney General.

May 27—John Lord O'Brien, of New York, to be Assistant to the Attorney General.

May 27—Robert H. Lucas, of Louisville, Ky., to be Commissioner of International Revenue.

May 31—Lieut. Col. Jarvis J. Bain, Corps of Engineers, U. S. Army, to be a member of the Mississippi River Commission.

June 3—Mason M. Patrick, of the District of Columbia, to be a member of the Public Utilities Commission of the District of Columbia.

June 3—Russell R. Toinlin, Lester C. Scully, Floyd C. Turner, and Marion R. King, to be surgeons in the Public Health Service.

June 7—Emil S. Helburn, of Middlesboro, Ky., to be Collector of Internal Revenue.

June 7—Rear Admiral David F. Sellers, to be Judge Advocate General of the Navy.

June 8—Ferry K. Heath, of Grand Rapids, Mich., to be Assistant Secretary of the Treasury.

June 8—Julius Harold Hart, of Alaska, to be U. S. Attorney, District of Alaska, Division number two.

June 8—Warren N. Cuddy, of Alaska, to be U. S. Attorney, District of Alaska, Division number three.

June 8—Albert L. Watson, of Pennsylvania, to be U. S. District Judge, middle district of Pennsylvania.

June 11—Frederick A. Tilton, of Michigan, to be third Assistant Postmaster General.

June 11—Robert S. Regar, of Pennsylvania, to be purchasing agent for the Post Office Department.

June 19—Arch Coleman, of Minneapolis, Minn., to be First Assistant Postmaster General.

June 19—John W. Philip, of Dallas, Tex., to be Fourth Assistant Postmaster General.

June 19—Ben F. Cameron, of Mississippi, to be U. S. Attorney, Southern District of Mississippi.

Communications to Congress

May 28—A communication from the President of the United States transmitting supplemental estimate of \$34,000 to meet the expenses of the participation by the United States in the International Red Cross and Prisoners of War Conference to be held at Geneva, Switzerland, in July, 1929.

June 3—A communication from the President of the United States transmitting records of judgments against the Government by United States District Courts which require an appropriation for their payment.

June 3—A communication from the President of the United States, transmitting records of judgments rendered against the Government by United States District Courts in special cases.

June 6—A communication from the President of the United States transmitting supplemental estimate of appropriation amounting to \$3,000,000 for beginning the municipal center in the District of Columbia.

June 8—A communication from the President of the United States transmitting supplemental estimate of appropriation for the Department of State for the fiscal year, 1930, amounting to \$35,000, for the expenses of participation by the United States in the meeting of the International Technical Consulting Committee on Radio Communication.

June 8—A communication from the President of the United States transmitting supplemental estimate of appropriation for the District of Columbia amounting to \$500,000 for the acquisition of lands for the development of airport facilities for the District of Columbia.

June 17—A communication from the President of the United States transmitting an estimate of appropriation for the Federal Farm Board for \$151,000,000, to be immediately available, for commencing operations under the provisions of the act entitled "The agricultural marketing act," approved June 15, 1929.

The Month in the Supreme Court

The Supreme Court of the United States adjourned for the summer on June 3 until October 7, when the 1929 autumn term will begin. A report of the first important decision handed down after the Court reconvenes will be published in the November number of the Digest.

Should an International Bank be Established?

Con—Continued from page 216

HON. LEWIS T. McFADDEN

ernment would not knowingly permit our Federal Reserve System to become involved in any such international financial venture. It should be remembered that the reserve system is supposed to support the full weight of the entire country's banking mechanism, however opinion may differ as to its efficiency in doing so, and I agree that it should never be allowed to risk what has been aptly termed "unwarranted connections with outside affairs."

It is, of course, known that the executive branch of our Government has no direct part in the management and policies of the reserve banks. The executive branch of the Government does possess, however, two ex-officio members of the Federal Reserve Board in the Secretary of the Treasury and the Comptroller of the Currency, and I cannot think of the board disregarding entirely the clearly expressed wishes of the Administration at Washington in the matter of such vital concern to the entire country as any commitment of the American people to a financial program like that of the proposed international bank.

To a student of the financial situation here and abroad, European reports that the American people have been

sidestepping their full share of contributing toward Europe's rehabilitation are interesting.

From a most reliable source I have received information that tourist expenditures before the end of the present summer in Europe will total \$900,000,000. This recalls a recent statement by Sir Eric Hambro, financier, to the effect that many bankers, despite the then untoward condition of the international credit situation, seemed to feel that sterling should soon show signs of improvement. They based this opinion upon the continued improvement in the gold reserves and the fact that "a new element of strength" would appear—namely, the "tourist trade," which would certainly have a beneficial effect not only upon sterling but upon all European currencies. "Tourist trade" means, of course, more American dollars for Europe.

After studying all aspects of the financial situation, both here and abroad, I still find no adequate or convincing answer to the question: "Why should Europe protest if American dollars are denied officially by our Government to the proposed international bank?"—See 5, this page.

Sources from which Material in this Number is Taken

Articles for which no source is given have been specially prepared for this number of THE CONGRESSIONAL DIGEST

1. Foreign Policy Association Information Service, December 21, 1928.

2. Report of S. Parker Gilbert to Reparations Commission, December, 1928.

3. Interim report of S. Parker Gilbert to Reparations Commission, July, 1929.

4. Foreign Policy Association Information Service, August 21, 1929.

5. *The Saturday Evening Post*, July 20, 1929.

Statement of Ownership

(Required by Act of Congress, August 24, 1912)

Of THE CONGRESSIONAL DIGEST, published monthly (except for months of July and August), at Washington, D. C. for April, 1928.

Before me, a Notary Public in and for the District of Columbia, City of Washington, personally appeared Alice Gram Robinson who, having been duly sworn according to law, deposes and says she is the Editor, Publisher and Owner of THE CONGRESSIONAL DIGEST and that the following is, to the best of her knowledge and belief, a true statement of the ownership, management, etc., of the aforesaid publication for the date shown in the above caption, required by the Act of August 24, 1912, embodied in Section 443, Postal Laws and Regulations, to-wit:

1. That the name and address of the publisher, editor, manag-

ing editor, and business manager is: Alice Gram Robinson, Munsey Building, Washington, D. C.

2. That the owner is: Alice Gram Robinson, Munsey Building, Washington, D. C.

3. That the known bondholders, mortgagors, and other security holders owning or holding one per cent or more of total amount of bonds, mortgages, or other securities are (if there are none, so state). None.

Alice Gram Robinson,
Signature of Editor, Publisher and Owner.

Sworn to and subscribed before me this first day of April, 1928.

JOSEPH STEARNS, Notary Public.
My commission expires March 18, 1930.

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Vol. II

October, 1922-September, 1923

Muscle Shoals Development*
Operation of U. S. Budget System*
Inter-Allied Debt Controversy
Rural Credits Legislation
Child Labor Amendment
Review of 67th Congress
Federal Civil Service
World Court Proposal
U. S. Supreme Court
America and Her Immigrants
Federal Taxation

Vol. III

October, 1923-September, 1924

Congress and the Railroads
How a New Congress is Organized
Problems Before 68th Congress
Reorganization of U. S. Foreign Service
The Sterling-Reed Education Bill
The Woman's "Equal Rights" Amendment
Immediate Philippine Independence
The McNary-Haugen Agricultural Bill
Peace Proposals Before 68th Congress
Political Parties and Issues of 1924
Developing Our Inland Waterways

Vol. IV

October, 1924-December, 1925

America's Stand Against Liquor
The Dawes Plan for German Reparation Payments
Repeal of Federal Income Tax Publicity Law
National Defense and the Limiting of Naval Armament
Postal Pay and Rate Issue
Review of 68th Congress
Federal Department of Aeronautics
Congress and Cooperative Marketing
Congress and the Coal Problem
Federal Estate Tax Repeal

Vol. V

January-December, 1926

American Merchant Marine
The United States and the World Court
The McFadden Banking Bill
Should United States Adopt Metric System
Federal Department of Education*
Congress and Prohibition Enforcement
Changing Sessions of Congress and Inauguration Day
The Direct Primary System
Cloture in the U. S. Senate
Settlement of U. S. and German War Claims

Vol. VI

January-December, 1927

St. Lawrence vs. New York Shipway
The Boulder Dam Project
The Problem of Railroad Consolidations
U. S.-Nicaragua Controversy
The Problem in China
Uniform Marriage and Divorce Law.
Question of Capital Punishment
The Problems of Copyright Reform
Issues Involved in Seating a Senator
The Capital of the United States

Vol. VII

January-December, 1928

The New Congress and the Tax Question
Congress and Mississippi Flood Control
Can War Be Outlawed?
Third Term Controversy
Immigration Problem—1928
Merchant Marine Act—1928
The Presidential Election—1928
The Problem of Radio Reallocation
Uncle Sam and the Movies
What is the Effect of a "Pocket" Veto?

Vol. VIII

January-December, 1929

Should Uncle Sam Build More Cruisers?
Congressional Reapportionment
A New Administration Begins
Should We Have A Thirteen Month Year?
The Farm Relief Problem—1929.
Making A Tariff Law.

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